

HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

Housing Starts Continue to Weaken in May

Total housing starts across Greater Edmonton declined in May by 24 per cent to 810 units. This was the third month in succession that new housing activity has faltered from the pace set during the same period in 2003. To the end of May, total starts have reached 3,909 units Metro-wide, representing a drop of 6.7 per cent from the first five months of last year. Most areas across Metro, with the exception of Leduc City and Morinville, have seen slower new housing activity so far in 2004.

A large year-over-year decline in new multi-unit housing pulled down the overall starts numbers in May. Total multiple dwelling starts, including semi-detached, row and apartment units, fell by 38 per cent in May to 311 units. The majority of May's multiple starts were apartments within Edmonton City, with a fairly even split between rental and condominium units. Multiple unit completions also dropped sharply from May of last year. On a year-to-date basis, multiple dwelling completions were 30 per cent below the volumes delivered in the first five months of 2003. This situation will change this summer as a number of large apartment projects in downtown are expected to move into the occupancy stage in the weeks ahead.

Multiple-family starts have dropped by just over three per cent so far this year and concerns about a potential run-up in inventories, particularly condominium apartments, will restrain construction levels going forward. Inventories of unoccupied new multiple units increased in May, compared with the previous month, but were still lower than this time last year. However, units under construction in May were 37 per cent ahead levels reported in May 2003. Many of the apartment units under construction are nearing completion stage and inventories are expected to move higher during the summer months. The new condo apartment market, in particular, warrants closer scrutiny. Total supply, which includes both units under construction and unabsorbed inventory, stood at 4,452 units in May - representing an increase of 79 per cent from May 2003. Absorption rates will have to ramp-up substantially in the months ahead to prevent a swelling pool of unsold new condo apartments.

Throughout the Capital region, construction began on 499 single-detached units in May, representing a drop of almost 12 per cent from the same month in 2003. Not since last July have Edmonton's single-family home builders increased their production levels year-over-year. As shown in Table 1, the majority of municipalities across Metro either experienced a decline or saw no change from May 2003. However, stronger numbers were reported in Leduc (both city and county), Spruce Grove, St. Albert, Stony Plain and Calmar.

To the end of May, single-family starts have fallen by nine per cent from production levels reported in the first five months of 2003. Stronger competition from a large inventory of resale home listings will continue to undermine new house construction in the

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coming months. So far this year, Edmonton's Real Estate Board has reported a 19 per cent increase in new single-family listings and this added competition has put a modest brake on resale house price increases in 2004.

Single-family absorptions rose by 16 per cent year-over-year in May to 517 units. However, completions during the same month reached 553 units, resulting in a 36 unit increase to the unabsorbed inventory we reported in April. Both show home and spec unit numbers moved up from April's tally. While inventories remain below the peak reported at year-end, they were still well above levels observed in May of last year. This said, units under construction in May were 18 per cent lower than a year ago and completion levels should throttle-back accordingly this summer. This should allow home builders to reduce their spec home inventories going into the fall.

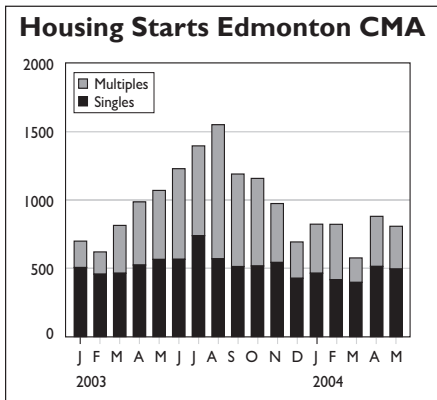


Table I
EDMONTON CMA
STARTS ACTIVITY BY AREA MAY 2004

AREA	Single		Multiple			Total		% Chg 2004/2003
	2004	2003	Semi	Row	Apt	2004	2003	
BEAUMONT TOWN	14	23	0	0	0	14	23	-39.13
CALMAR TOWN	3	0	0	0	0	3	0	**
DEVON TOWN	3	10	0	0	0	3	10	-70.00
EDMONTON CITY	271	323	62	52	183	568	734	-22.62
FORT SASKATCHEWAN CITY	2	8	0	0	0	2	12	-83.33
GIBBONS TOWN	1	3	0	0	0	1	3	-66.67
LEDUC CITY	30	14	2	0	0	32	16	**
LEDUC COUNTY	4	3	0	0	0	4	3	33.33
MORINVILLE TOWN	2	2	4	0	0	6	2	**
PARKLAND COUNTY	6	20	0	0	0	6	20	-70.00
SPRUCE GROVE CITY	20	17	0	0	0	20	29	-31.03
ST.ALBERT CITY	36	23	4	0	0	40	69	-42.03
STONY PLAIN TOWN	22	20	2	0	0	24	44	-45.45
STRATHCONA COUNTY	70	82	2	0	0	72	88	-18.18
STURGEON COUNTY	9	11	0	0	0	9	11	-18.18
OTHER CENTRES	6	6	0	0	0	6	6	0.00
TOTAL	499	565	76	52	183	810	1070	-24.30

Table IB
EDMONTON CMA
STARTS ACTIVITY BY AREA YEAR TO DATE

AREA	Single		Multiple			Total		% Chg 2004/2003
	2004	2003	Semi	Row	Apt	2004	2003	
BEAUMONT TOWN	43	56	0	0	0	43	56	-23.21
CALMAR TOWN	5	2	0	0	0	5	2	**
DEVON TOWN	42	54	8	0	0	50	54	-7.41
EDMONTON CITY	1474	1576	308	103	1014	2899	3081	-5.91
FORT SASKATCHEWAN CITY	20	31	6	6	0	32	55	-41.82
GIBBONS TOWN	3	7	0	0	0	3	7	-57.14
LEDUC CITY	73	33	2	0	41	116	47	**
LEDUC COUNTY	11	13	0	0	0	11	13	-15.38
MORINVILLE TOWN	11	10	12	0	0	23	12	91.67
PARKLAND COUNTY	44	63	8	0	0	52	63	-17.46
SPRUCE GROVE CITY	78	88	4	15	0	97	102	-4.90
ST.ALBERT CITY	105	129	12	0	0	117	205	-42.93
STONY PLAIN TOWN	68	61	2	0	0	70	87	-19.54
STRATHCONA COUNTY	267	342	78	0	0	345	354	-2.54
STURGEON COUNTY	33	38	0	0	0	33	38	-13.16
OTHER CENTRES	13	13	0	0	0	13	13	0.00
TOTAL	2290	2516	440	124	1055	3909	4189	-6.68

** Indicates 100% change or greater



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 Goatcher in Market Analysis at (780) 423-8729 or by fax at (780) 423-8702.

Table 2
EDMONTON CMA
HOUSING COMPLETIONS BY AREA MAY 2004

AREA	Single		Multiple			Total		% Chg 2004/2003
	2004	2003	Semi	Row	Apt	2004	2003	
BEAUMONT TOWN	18	5	0	0	0	18	5	**
CALMAR TOWN	3	0	0	0	0	3	0	**
DEVON TOWN	2	6	0	0	0	2	6	-66.67
EDMONTON CITY	392	291	72	61	158	683	1330	-48.65
FORT SASKATCHEWAN CITY	4	12	6	0	0	10	12	-16.67
GIBBONS TOWN	1	0	0	0	0	1	0	**
LEDUC CITY	8	9	2	0	0	10	44	-77.27
LEDUC COUNTY	3	1	0	0	0	3	1	**
MORINVILLE TOWN	4	2	0	0	22	26	2	**
PARKLAND COUNTY	14	36	0	0	0	14	36	-61.11
SPRUCE GROVE CITY	28	24	6	4	0	38	26	46.15
ST.ALBERT CITY	16	21	0	0	0	16	28	-42.86
STONY PLAIN TOWN	12	6	2	0	0	14	6	**
STRATHCONA COUNTY	35	58	4	16	0	55	63	-12.70
STURGEON COUNTY	10	12	0	0	0	10	12	-16.67
OTHER CENTRES	3	0	0	0	0	3	0	**
TOTAL	553	483	92	81	180	906	1571	-42.33

Table 2B
EDMONTON CMA
HOUSING COMPLETIONS BY AREA YEAR TO DATE

AREA	Single		Multiple			Total		% Chg 2004/2003
	2004	2003	Semi	Row	Apt	2004	2003	
BEAUMONT TOWN	43	65	0	0	0	43	65	-33.85
CALMAR TOWN	5	2	0	0	0	5	2	**
DEVON TOWN	22	43	0	8	0	30	43	-30.23
EDMONTON CITY	1511	1583	308	146	595	2560	3173	-19.32
FORT SASKATCHEWAN CITY	22	39	16	0	0	38	177	-78.53
GIBBONS TOWN	3	1	0	0	0	3	1	**
LEDUC CITY	48	55	10	4	32	94	98	-4.08
LEDUC COUNTY	31	21	0	0	0	31	21	47.62
MORINVILLE TOWN	14	7	2	0	22	38	7	**
PARKLAND COUNTY	74	101	0	0	0	74	101	-26.73
SPRUCE GROVE CITY	72	82	32	18	0	122	142	-14.08
ST.ALBERT CITY	112	129	4	0	0	116	174	-33.33
STONY PLAIN TOWN	53	54	6	0	47	106	93	13.98
STRATHCONA COUNTY	357	347	54	38	0	449	363	23.69
STURGEON COUNTY	58	65	0	0	0	58	65	-10.77
OTHER CENTRES	30	10	4	0	0	34	10	**
TOTAL	2455	2604	436	214	696	3801	4535	-16.19

** Indicates 100% change or greater

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Table 3
EDMONTON CMA
HOUSING ACTIVITY SUMMARY

Activity	Ownership					Rental				Total
	Freehold			Condominium		Private		Assisted		
	Single	Semi	Row	Row	Apt	Row	Apt	Row	Apt	
STARTS										
May	499	76	0	52	96	0	87	0	0	810
2003	565	110	16	44	328	0	7	0	0	1070
Year-To-Date 2004	2290	440	0	124	807	0	248	0	0	3909
Year-To-Date 2003	2516	442	59	110	662	61	339	0	0	4189
UNDER CONSTRUCTION										
2004	2632	650	19	350	4324	24	1026	0	0	9025
2003	3221	784	47	214	2346	61	1205	0	0	7878
COMPLETIONS										
May	553	92	4	44	64	33	116	0	0	906
2003	483	30	7	26	470	8	547	0	0	1571
Year-To-Date 2004	2455	436	16	157	430	41	266	0	0	3801
Year-To-Date 2003	2604	268	15	101	561	18	968	0	0	4535
COMPLETED & NOT ABSORBED										
2004	673	131	9	35	128	0	202	0	0	1178
2003	450	69	1	9	138	2	557	0	0	1226
TOTAL SUPPLY										
2004	3305	781	28	385	4452	24	1228	0	0	10203
2003	3671	853	48	223	2484	63	1762	0	0	9104
ABSORPTIONS										
May	517	78	3	43	69	33	104	0	0	847
3-month Average	500	88	4	30	118	14	120	0	0	874
12-month Average	544	94	3	26	119	9	115	0	0	910

RESIDENTIAL CONSTRUCTION DIGEST

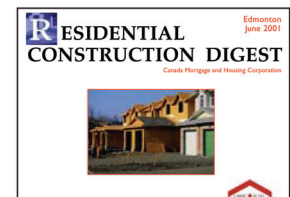
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