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Canada Mortgage and Housing Corporation
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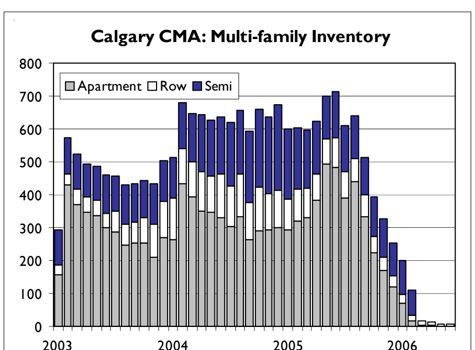
Calgary Housing Starts on Record Setting Pace

Continued gains in both the single-detached and multi-family markets have spurred a record setting pace for total housing starts in the Calgary Census Metropolitan Area (CMA). Local builders started 1,889 housing units in June, more than double the volume reported one year earlier. This activity pushed the year-to-date total up to 9,029 units, representing a 41 per cent increase over the first half of 2005. It appears that a new record for total housing starts in 2006 is a foregone conclusion, surpassing the previous high of 15,382 units in 1978.

The strongest gain in June occurred in the multi-family market, where construction was 375 per cent higher than the previous year. Multi-family starts, which include semi-detached, row, and apartment units, totalled 941 units, the strongest monthly performance for any month in two years. This pushed activity for the first half of the year to 3,460 units, 55 per cent higher than corresponding levels in 2005. The apartment market accounted for the bulk of this growth as 2,470 units started in the first six months of 2006, a 106 per cent increase from 2005.

While multi-family starts have posted healthy gains, completions thus far have been comparatively weak. The lengthy building process inherent in concrete high rise construction has lengthened completion times, contributing to a 14 per cent decline in completions to-date. The number of complete and unabsorbed units fell to 83 in June as absorptions outpaced completions. This represents the eleventh consecutive monthly decline in inventory and the lowest level on record. At the end of June, apartment and row unit inventory remained unchanged from May, at zero and six units, respectively. Meanwhile, semi-detached inventory declined to 77 units, 59 per cent below the previous year. However, with 7,381 units currently under construction, a modest recovery in inventory levels should be expected once many of these units reach completion.

While the multi-family market accelerated in June, Calgary's single-detached sector also remained in high gear. Local builders started 948 single-detached units in June, an impressive 32 per cent gain over the previous year. June's construction brings the first-half total to 5,569 single-detached units, 34 per cent higher than the first six months of 2005. Despite escalating construction costs and rising mortgage rates, demand has shown no signs of slowing down. Persistent shortages of resale listings and near record levels of net migration and employment growth have continued to spur construction activity.



Source: CMHC

With continued capacity concerns in the single-detached market, the 3,776 completions during the first six months of the year have lagged 2005's performance by one per cent. In the same period, total absorptions have increased by one per cent over the previous year. As a result, the level of

CALGARY

DATE RELEASED JULY 2006

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complete and unabsorbed single-detached homes continued to fall, reaching 474 units in June, the lowest total since February 1998.

The average price of an absorbed newly constructed single-detached home reached $360,045 in June, a 19 per cent year-over-year increase and the highest average price on record. This represents the first of many strong year-over-year gains to come. A 48 per cent year-over-year increase in Statistics Canada's May release of the New Home Price Index indicates substantial absorbed price increases in the coming months.

Record Pace of Resales Despite Shortage of Active Listings

Another new record for Calgary's resale market is now inevitable. Despite a persistent shortage of active listings, residential sales through the Calgary Real Estate Board (CREB) in the first half of 2006 are up 18 per cent year-over-year. Total transactions in the first six months totaled 19,292 units, up from 16,331 in the first half of 2005. However, there are some indications that the market is losing some steam, as the 18 per cent increase in sales-to-date pales in comparison to the 32 per cent increase recorded after the first three months of the year.

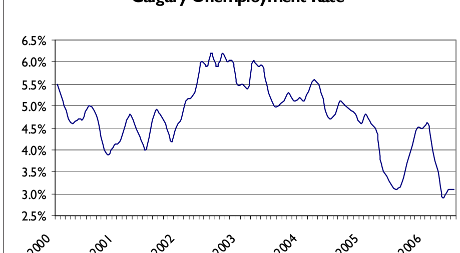
While total active listings from April to June reported a seasonal increase from the record low in the first three months of the year, they still averaged 61 per cent below the second quarter of 2005. Given the shortage of listings and record pace of sales, the sales-to-active listings ratio continued to escalate, reaching a record high of 200 per cent in April. One year earlier, the corresponding ratio was 58 per cent. Since April, however, listings have modestly recovered and sales have slowed. As a result, the sales-to-active listings ratio fell to 130 per cent, the lowest ratio in six months.

While listings appear to be on the rise, they still remain low by historical standards. Record demand continues to bid up the average price, as short listing durations, multiple offers, and sales in excess of list price remain the norm. The year-to-date average price has increased to $333,819, a 35 per cent jump over the previous year. This also represents the highest rate of price growth on record. Year-to-date single-family and condominium prices have increased by a similar margin thus far in 2006, reaching $368,457 and $246,250, respectively.

Employment Levels Continue to Climb

Employment levels in the Calgary CMA continued to grow at a tremendous pace during the second quarter of 2006. Compared to the first half of 2005, an average of 41,650 more individuals were employed thus far in 2006, a tremendous year-over-year gain of seven per cent. As was the case in 2005, all of the gains to date have been in full-time positions. With low unemployment rates, much of this growth could not have occurred without significant gains in net migration. From January to March, Alberta recorded 20,845 net migrants, more than double the number recorded in the previous year. Historically, more than a third of these migrants land in the Calgary CMA. An increase in the labour force participation rate also helped boost employment. After declines in 2005, the labour force participation rate has increased to 76.7 per cent in June, a 2.3 percentage point increase from a year earlier.

Calgary Unemployment Rate



Source: Statistics Canada

Despite a large increase in Calgary's labour force, the unemployment rate has remained near record lows of three per cent. The demand for workers has continued to outpace labour force growth, resulting in upward pressure in average wages paid. The average weekly earnings in the first six months of 2006 reached $844, representing a nine per cent increase from 2005.

Table 1A
STARTS ACTIVITY BY AREA
Calgary CMA - June 2006

Area	Single 2006	Single 2005	Multiple Semi	Multiple Row	Multiple Apt	Total 2006	Total 2005	%Chg 2006/2005
AIRDRIE	117	41	10	0	87	214	43	**
BEISEKER	1	0	0	0	0	1	0	**
CALGARY CITY	**723**	**629**	**116**	**130**	**590**	**1,559**	**815**	**91.3**
CHESTERMERE LAKE	46	27	4	0	0	50	35	42.9
COCHRANE	20	7	0	0	0	20	7	**
CROSSFIELD	7	1	0	0	0	7	3	**
IRRICANA	3	0	2	0	0	5	0	**
MD ROCKYVIEW	31	11	2	0	0	33	11	**
TOTAL	**948**	**716**	**134**	**130**	**677**	**1,889**	**914**	**

Table 1B
STARTS ACTIVITY BY AREA
Calgary CMA - Year to Date 2006

Area	Single 2006	Single 2005	Multiple Semi	Multiple Row	Multiple Apt	Total 2006	Total 2005	%Chg 2006/2005
AIRDRIE	449	227	20	106	247	822	292	**
BEISEKER	1	0	0	0	0	1	0	**
CALGARY CITY	**4,534**	**3,571**	**474**	**329**	**2,119**	**7,456**	**5,672**	**31.5**
CHESTERMERE LAKE	325	161	28	15	0	368	202	82.2
COCHRANE	82	33	10	0	86	178	33	**
CROSSFIELD	19	5	0	0	18	37	9	**
IRRICANA	8	0	4	0	0	12	2	**
MD ROCKYVIEW	151	154	4	0	0	155	180	-13.9
TOTAL	**5,569**	**4,151**	**540**	**450**	**2,470**	**9,029**	**6,390**	**41.3**

** 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.

Table 2A
HOUSING COMPLETIONS BY AREA
Calgary CMA - June 2006

Area	Single 2006	Single 2005	Multiple Semi	Multiple Row	Multiple Apt	Total 2006	Total 2005	%Chg 2006/2005
AIRDRIE	44	26	2	0	0	46	26	76.9
BEISEKER	0	0	0	0	0	0	0	**
CALGARY CITY	**610**	**637**	**66**	**30**	**144**	**850**	**901**	**-5.7**
CHESTERMERE LAKE	35	32	12	0	0	47	34	38.2
COCHRANE	8	10	2	0	0	10	13	-23.1
CROSSFIELD	6	4	0	0	0	6	4	50.0
IRRICANA	1	0	0	0	0	1	0	**
MD ROCKYVIEW	31	25	14	0	0	45	29	55.2
TOTAL	**735**	**734**	**96**	**30**	**144**	**1,005**	**1,007**	**-0.2**

Table 2B
HOUSING COMPLETIONS BY AREA
Calgary CMA - Year to Date 2006

Area	Single 2006	Single 2005	Multiple Semi	Multiple Row	Multiple Apt	Total 2006	Total 2005	%Chg 2006/2005
AIRDRIE	288	210	18	42	1	349	356	-2.0
BEISEKER	0	1	0	0	0	0	1	**
CALGARY CITY	**3,182**	**3,197**	**328**	**391**	**985**	**4,886**	**5,088**	**-4.0**
CHESTERMERE LAKE	173	161	32	3	0	208	178	16.9
COCHRANE	23	62	4	0	21	48	122	-60.7
CROSSFIELD	10	10	2	0	0	12	16	-25.0
IRRICANA	4	4	6	0	0	10	10	0.0
MD ROCKYVIEW	96	185	26	0	0	122	219	-44.3
TOTAL	**3,776**	**3,830**	**416**	**436**	**1,007**	**5,635**	**5,990**	**-5.9**

** Indicates a greater than 100 per cent change

Table 3

HOUSING ACTIVITY SUMMARY

Calgary CMA - June 2006

Activity	Ownership					Rental		Grand
	Freehold		Condominium					
	Single[1]	Semi[1]	Row	Row	Apt	Row	Apt	Total
Starts								
Current Month	948	134	0	130	590	0	87	1,889
Previous Year	716	78	3	63	54	0	0	914
Year-To-Date 2006	5,569	540	0	450	2,382	0	88	9,029
Year-To-Date 2005	4,151	428	12	600	1,197	0	2	6,390
Under Construction								
2006	5,990	830	19	925	5,517	0	90	13,371
2005	3,783	602	15	835	4,089	0	256	9,580
Completions								
Current Month	735	96	0	30	144	0	0	1,005
Previous Year	734	56	8	79	130	0	0	1,007
Year-To-Date 2006	3,776	416	3	433	983	0	24	5,635
Year-To-Date 2005	3,830	472	17	384	1,077	0	210	5,990
Completed & Not Absorbed								
2006	474	77	0	6	0	0	0	557
2005	721	187	5	84	313	0	170	1,480
Total Supply[2]								
2006	6,464	907	19	931	5,517	0	90	13,928
2005	4,504	789	20	919	4,402	0	426	11,060
Absorptions								
Current Month	753	120	0	30	144	0	0	1,047
Previous Year	733	83	3	71	127	0	13	1,030
Year-To-Date 2006	3,866	470	3	461	1,049	0	127	5,976
Year-To-Date 2005	3,815	478	6	412	942	0	162	5,815
3-month Average	675	80	1	83	220	0	7	1,066
12-month Average	681	82	1	77	235	2	38	1,116

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

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Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for over 60 years.

Together with other housing stakeholders, we help ensure that Canada maintains one of the best housing systems in the world. We are committed to helping Canadians access a wide choice of quality, affordable homes, while making vibrant, healthy communities and cities a reality across the country.

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