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Multi-family Market Leads Gain in New Home Construction

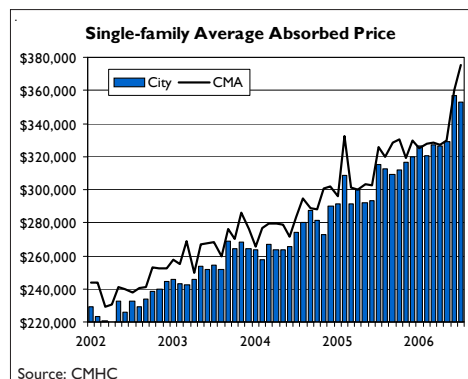
Led by a healthy gain in multi-family construction, total housing starts in July were 10 per cent higher than the previous year. Construction began on 1,412 housing units in the Calgary Census Metropolitan Area (CMA), up from 1,284 in July 2005. Home builders have yet to record a year-over-year decline in housing starts in 2006. The last time that occurred was in December of 2005. July's construction brings the year-to-date total to 10,441 units, 36 per cent higher than corresponding levels in 2005.

For the third month in succession, the strongest gain in housing starts occurred in Calgary's multi-family market. Multi-family starts, which include semi-detached units, rows, and apartments, totalled 572 in July, a 27 per cent gain over the previous year. While all three segments of the multi-family market recorded higher starts in July, apartments have clearly stood out as the top performer to-date. After seven months, apartment starts are nearly double the pace of activity set in 2005. This compares to a year-to-date gain of 25 per cent for semi-detached units and a 20 per cent drop in rows. To the end of July, a total of 4,032 multi-family units have started construction, 50 per cent higher than the previous year. Airdrie recorded a nearly five-fold gain in construction after seven months, while multi-family starts in Cochrane have jumped to 98 units from zero in the first seven months of 2005.

While multi-family starts accelerated in July, the number of completions was comparatively weak. Only 190 units were completed in July, down from 509 in the previous year. Consequently, absorptions were also low in July, reaching only 174 units. Rather than a decline in demand, however,

readers can be assured that the lack of absorptions is merely a function of few units being completed. At the end of July, 7,763 multi-family units were under construction, the highest total in 24 years. Once many of these reach completion, absorptions will escalate. Strong completions will also provide an opportunity to replenish inventories. At only 92 units in July, the number of complete and unabsorbed multi-family units was among the lowest in fifteen years.

Single-detached housing starts in the Calgary CMA reached 840 units in July, six units higher than the previous year. While the increase appears negligible, July's construction represents the strongest July for single-detached construction on record. Airdrie and Cochrane recorded the most notable gain in July, each up more than 200 per cent. After seven months, 6,409 single-detached homes have been started in the Calgary CMA, representing an impressive 29 per cent gain over the previous year. However, building permits indicate that this increase will narrow over the balance of 2006. From May to July, single-detached building permits in Calgary were 13 per cent lower than the previous year.



CALGARY

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Calgary CMA

With single-detached starts occurring at record levels, the number of units under construction continues to climb. At the end of July, a record 6,015 units were under construction in the Calgary CMA, a 58 per cent gain over the previous year. This elevated pace of construction continues to strain resources, resulting in significant upward price pressure. Recent gains in the New Home Price Index are finally showing up in the average absorbed price. At a record \$375,564 in July, the average absorbed price was 15 per cent higher than the previous year. After seven months, new single-detached units have averaged \$341,291, nearly 11 per cent higher than the previous year.

At the end of July, single-detached inventory, which includes spec units and show homes, fell to the lowest level since January of 1998. At 467 units in July, the number of complete and unabsorbed units was 32 per cent lower than the previous year.

Table IA
STARTS ACTIVITY BY AREA
 Calgary CMA - July 2006

| Area | Single | | Multiple | | | Total | | %Chg 2006/2005 |
|---------------------|------------|------------|-----------|------------|------------|--------------|--------------|-------------------|
| | 2006 | 2005 | Semi | Row | Apt | 2006 | 2005 | |
| AIRDRIE | 115 | 37 | 0 | 0 | 0 | 115 | 49 | ** |
| BEISEKER | 0 | 0 | 0 | 0 | 0 | 0 | 0 | ** |
| CALGARY CITY | 653 | 713 | 86 | 118 | 360 | 1,217 | 1,136 | 7.1 |
| CHESTERMERE LAKE | 34 | 31 | 4 | 0 | 0 | 38 | 44 | -13.6 |
| COCHRANE | 13 | 4 | 2 | 0 | 0 | 15 | 4 | ** |
| CROSSFIELD | 3 | 2 | 2 | 0 | 0 | 5 | 2 | ** |
| IRRICANA | 0 | 3 | 0 | 0 | 0 | 0 | 3 | ** |
| MD ROCKYVIEW | 22 | 44 | 0 | 0 | 0 | 22 | 46 | -52.2 |
| TOTAL | 840 | 834 | 94 | 118 | 360 | 1,412 | 1,284 | 10.0 |

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

| Area | Single | | Multiple | | | Total | | %Chg 2006/2005 |
|---------------------|--------------|--------------|------------|------------|--------------|---------------|--------------|-------------------|
| | 2006 | 2005 | Semi | Row | Apt | 2006 | 2005 | |
| AIRDRIE | 564 | 264 | 20 | 106 | 247 | 937 | 341 | ** |
| BEISEKER | 1 | 0 | 0 | 0 | 0 | 1 | 0 | ** |
| CALGARY CITY | 5,187 | 4,284 | 560 | 447 | 2,479 | 8,673 | 6,808 | 27.4 |
| CHESTERMERE LAKE | 359 | 192 | 32 | 15 | 0 | 406 | 246 | 65.0 |
| COCHRANE | 95 | 37 | 12 | 0 | 86 | 193 | 37 | ** |
| CROSSFIELD | 22 | 7 | 2 | 0 | 18 | 42 | 11 | ** |
| IRRICANA | 8 | 3 | 4 | 0 | 0 | 12 | 5 | ** |
| MD ROCKYVIEW | 173 | 198 | 4 | 0 | 0 | 177 | 226 | -21.7 |
| TOTAL | 6,409 | 4,985 | 634 | 568 | 2,830 | 10,441 | 7,674 | 36.1 |

** 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 - July 2006

| Area | Single | | Multiple | | | Total | | %Chg 2006/2005 |
|---------------------|------------|------------|-----------|-----------|-----------|--------------|--------------|-------------------|
| | 2006 | 2005 | Semi | Row | Apt | 2006 | 2005 | |
| AIRDRIE | 50 | 33 | 0 | 0 | 0 | 50 | 58 | -13.8 |
| BEISEKER | 0 | 0 | 0 | 0 | 0 | 0 | 0 | ** |
| CALGARY CITY | 671 | 689 | 76 | 74 | 30 | 851 | 1,146 | -25.7 |
| CHESTERMERE LAKE | 28 | 26 | 2 | 0 | 0 | 30 | 26 | 15.4 |
| COCHRANE | 11 | 8 | 2 | 0 | 0 | 13 | 19 | -31.6 |
| CROSSFIELD | 5 | 0 | 0 | 0 | 0 | 5 | 0 | ** |
| IRRICANA | 0 | 2 | 0 | 0 | 0 | 0 | 2 | ** |
| MD ROCKYVIEW | 47 | 43 | 6 | 0 | 0 | 53 | 59 | -10.2 |
| TOTAL | 812 | 801 | 86 | 74 | 30 | 1,002 | 1,310 | -23.5 |

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

| Area | Single | | Multiple | | | Total | | %Chg 2006/2005 |
|---------------------|--------------|--------------|------------|------------|--------------|--------------|--------------|-------------------|
| | 2006 | 2005 | Semi | Row | Apt | 2006 | 2005 | |
| AIRDRIE | 338 | 243 | 18 | 42 | 1 | 399 | 414 | -3.6 |
| BEISEKER | 0 | 1 | 0 | 0 | 0 | 0 | 1 | ** |
| CALGARY CITY | 3,853 | 3,886 | 404 | 465 | 1,015 | 5,737 | 6,234 | -8.0 |
| CHESTERMERE LAKE | 201 | 187 | 34 | 3 | 0 | 238 | 204 | 16.7 |
| COCHRANE | 34 | 70 | 6 | 0 | 21 | 61 | 141 | -56.7 |
| CROSSFIELD | 15 | 10 | 2 | 0 | 0 | 17 | 16 | 6.3 |
| IRRICANA | 4 | 6 | 6 | 0 | 0 | 10 | 12 | -16.7 |
| MD ROCKYVIEW | 143 | 228 | 32 | 0 | 0 | 175 | 278 | -37.1 |
| TOTAL | 4,588 | 4,631 | 502 | 510 | 1,037 | 6,637 | 7,300 | -9.1 |

** Indicates a greater than 100 per cent change

Table 3
HOUSING ACTIVITY SUMMARY
 Calgary CMA - July 2006

| Activity | Ownership | | | | | Rental | | Grand Total |
|-------------------------------------|---------------------------------|-------------------|-----|--------------------|-------|--------|-----|-------------|
| | Freehold Single ¹ | Semi ¹ | Row | Condominium Row | Apt | Row | Apt | |
| Starts | | | | | | | | |
| Current Month | 840 | 94 | 0 | 118 | 360 | 0 | 0 | 1,412 |
| Previous Year | 834 | 78 | 0 | 94 | 278 | 0 | 0 | 1,284 |
| Year-To-Date 2006 | 6,409 | 634 | 0 | 568 | 2,742 | 0 | 88 | 10,441 |
| Year-To-Date 2005 | 4,985 | 506 | 12 | 694 | 1,475 | 0 | 2 | 7,674 |
| Under Construction | | | | | | | | |
| July 2006 | 6,015 | 838 | 3 | 985 | 5,847 | 0 | 90 | 13,778 |
| July 2005 | 3,815 | 590 | 15 | 831 | 4,046 | 0 | 256 | 9,553 |
| Completions | | | | | | | | |
| Current Month | 812 | 86 | 16 | 58 | 30 | 0 | 0 | 1,002 |
| Previous Year | 801 | 90 | 0 | 98 | 321 | 0 | 0 | 1,310 |
| Year-To-Date 2006 | 4,588 | 502 | 19 | 491 | 1,013 | 0 | 24 | 6,637 |
| Year-To-Date 2005 | 4,631 | 562 | 17 | 482 | 1,398 | 0 | 210 | 7,300 |
| Completed & Not Absorbed | | | | | | | | |
| July 2006 | 467 | 86 | 0 | 6 | 0 | 0 | 0 | 559 |
| July 2005 | 683 | 175 | 3 | 75 | 226 | 0 | 165 | 1,327 |
| Total Supply² | | | | | | | | |
| July 2006 | 6,482 | 924 | 3 | 991 | 5,847 | 0 | 90 | 14,337 |
| July 2005 | 4,498 | 765 | 18 | 906 | 4,272 | 0 | 421 | 10,880 |
| Absorptions | | | | | | | | |
| Current Month | 819 | 77 | 16 | 58 | 30 | 0 | 0 | 1,000 |
| Previous Year | 839 | 102 | 2 | 107 | 408 | 0 | 5 | 1,463 |
| Year-To-Date 2006 | 4,685 | 547 | 19 | 519 | 1,079 | 0 | 127 | 6,976 |
| Year-To-Date 2005 | 4,654 | 580 | 8 | 519 | 1,350 | 0 | 167 | 7,278 |
| 3-month Average | 769 | 83 | 5 | 57 | 196 | 0 | 0 | 1,110 |
| 12-month Average | 679 | 79 | 2 | 73 | 204 | 2 | 38 | 1,077 |

1 May include units intended for condominium.

2 Sum of units under construction, complete and unoccupied.

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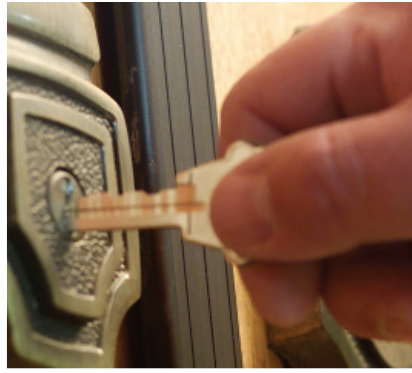
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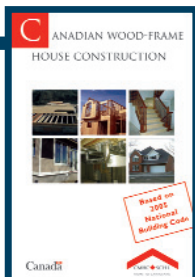
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