Alberta

HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

FIRST QUARTER 2002

New Home Market

Provincial Housing Starts Jump 59 Per Cent in First Quarter

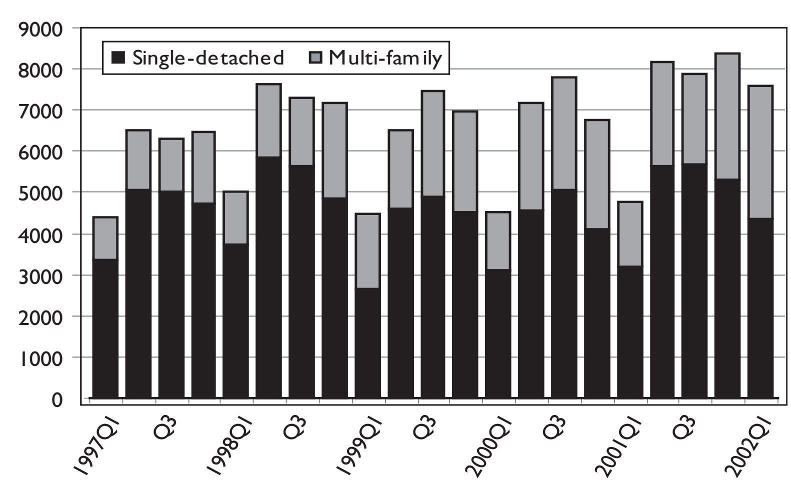
Despite only one month of job gains in Alberta since June 2001, forty-year low mortgage rates, tight resale markets, and continued in-migration have propelled new housing construction to the best start since 1979. With the exception of March, the number of Albertans employed has declined in each month since a record-high employment level was set in June 2001. However, housing markets are still riding the wave of the strong full-time employment gains in the first half of last year. In addition, low mortgage rates are allowing current owners to upgrade to a new home, while providing a new flow of first-time buying activity. Another factor boosting construction is a shortage of resale listings in many Alberta centres. With new migrants experiencing difficulty finding an appropriate resale for quick occupancy, the tight resale market has pushed new buyers toward new construction. Most recent data indicate solid population gains for Alberta in the last quarter of 2001, pushing net migration to over 35,000 for the year.

Total housing starts in Alberta reached 7,591 units in the first quarter of 2002, an increase of 59 per cent over the same period a year earlier. Single-family housing starts in both rural and urban areas jumped to 4,338 units, the highest number ever recorded for a first quarter. Meanwhile, multiple housing starts also recorded gains over the previous year. Multiple housing starts more than doubled from 1,580 starts in the first quarter of 2001 to 3,253 starts in 2002, an increase of 105 per cent. Apartments recorded the strongest surge, up 130 per cent over the previous year.

Highest Recorded Single-Family Starts in a First Quarter

Single-family starts in the first quarter outpaced last year's performance, growing to an all-time record number of starts. Single-family starts grew from 3,181 units in the first quarter of 2001 to 4,338 units in 2002, representing an increase of 36 per cent.

Alberta Housing Starts



IN THIS ISSUE:

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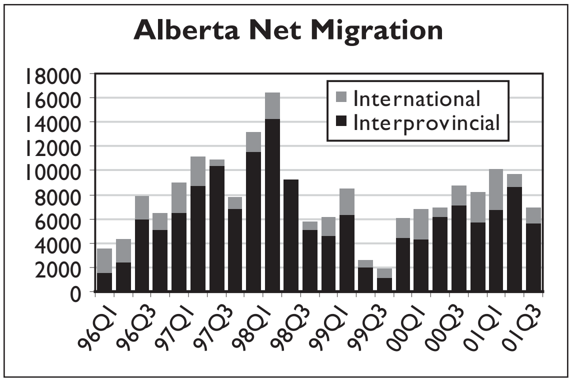

The performance of the single starts in this quarter suggests that construction activity will likely remain strong for the rest of the year, considering borrowing costs are expected to remain low and migration from other provinces to Alberta will continue at a steady pace.

All urban centres across Alberta had gains in single starts for the first quarter of 2002, with the exception of Fort McMurray. The number of starts in Fort McMurray dropped by 31 units, for a decrease of 19 per cent in this quarter. Conversely, single-detached starts in the Edmonton CMA shot up by 52 per cent in the first quarter of 2002 to 1,181 units, 406 more than 1Q 2001. The increase was even higher in the city proper, which witnessed an increase of over 66 per cent during this period. Calgary CMA witnessed a significant increase of 29.7 per cent, for a gain of 415 single units compared with last year at this time. Elsewhere, Red Deer's new housing market was a hot spot this quarter with single starts growing from 83 units in the first three months of 2001 to 157 units during the first three months of 2002, an increase of 89 per cent. Meanwhile, both Medicine Hat and Grand Prairie had a good first quarter with each centre recording gains of 27 and 43 new units, respectively. Lethbridge had a gain of 18 new single units in this quarter, while Lloydminster experienced a gain of 16 units in this period compared to last year. In rural areas, single starts were up 31 per cent from last year, reaching a total of 709 units.

Single-Family Absorptions Flourish in First Quarter

Along with the strong number of single-family starts in Alberta for the first quarter of 2002, the number of homes absorbed in this quarter was equally impressive. For all urban centres 50,000 and over, there were 3,096 single-family homes absorbed from January through March of 2002, an increase of 27 from the same period in 2001. Calgary CMA made up over half of all absorptions in Alberta, where total sales leaped to 1,796 units or 40 per cent in this quarter compared to the same period last year. Absorptions were also up in Edmonton CMA, Medicine Hat and Red Deer, while Lethbridge indicated no change from last year.

Solid absorptions in most centres continue to draw down the number of complete and unabsorbed single-family homes. In Calgary, the number of singles in inventory fell to a 44-month low of 590 units at the end of March, 36 per cent fewer than the previous year. Edmonton reported a significant decline in inventory as well, as the 346 units in March were also down by a margin of 36 per cent. In the face of strong demand, builders would benefit from additional units available for immediate occupancy. This holds especially true considering active listings in their respective resale markets have tumbled in recent months.

During the first quarter of 2001, the number of homes purchased at $200,000 or more recorded a marked increase in market share. In the first quarter of 2001, the share of absorptions above $200,000 was 40 per cent, only to jump by five percentage points one year later. For the first three months of 2002, the share of single absorptions in Calgary CMA above $200,000 was 55 per cent, up from half of the market in 1Q 2001. In Edmonton, the share of absorptions above $200,000 increased to 34 per cent of the market in the first quarter of 2002, up from 31 per cent one year earlier.

Multi-Family Construction Leaps Ahead in Edmonton

Multi-family starts, including semi-detached, row, and apartment units, more than doubled in Alberta to 3,253 units during the first three months of 2002 compared to 1,580 units during the same period in 2001. Though urban areas made up the large share of all multi-family starts in Alberta, the pace of new multi-construction in rural areas was also high, jumping from 127 units in the first quarter of 2001 to 412 units in 2002.

Of all urban centres in Alberta, Edmonton CMA had the highest increase in the number of multi-family starts, where construction jumped to 1,413 units in the first quarter of 2002, 931 units more than the corresponding quarter one year earlier. Over 73 per cent of all new multi-family starts in Edmonton were apartments, followed by semi- and row units. Rental starts accounted for the surge in apartment construction in Edmonton, as the 867 starts for rental tenure far surpassed the 112 reported in 1Q 2001.

Other centres recording robust multi-family construction include the Calgary CMA, where multi-family starts were up by 53 per cent in the first quarter of 2002 compared to the previous year. Among smaller centres, Fort McMurray, Grande Prairie and Red Deer recorded significant gains in the number of multi-family starts for this first quarter. In Grande Prairie, multi-family starts jumped from only 12 units in the first quarter of 2001 to 104 units one year later. Multi-family starts in Red Deer reached 218 units in the first three months of 2002, an increase of 37 over the previous year. Fort McMurray multi-family starts increased to 38 units in the first three months of 2002, up from only two starts the previous year. All other CAs recorded an increase in multi-family starts, with the exception of Lethbridge, where only nine multi-family starts were recorded this quarter compared to 127 the year before.

New Market Supply

Despite a strong decline in single-family inventories, an increase in units under construction boosted the supply of single-family units in urban centres from 5,701 units in the first quarter of 2001 to 7,223 units at the end of 1Q 2002. At the current 12-month average rate of absorptions, it will take approximately 6.3 months to absorb the existing supply of single-family dwellings. CMHC considers a six-month supply of new single-family dwellings to be characteristic of a balanced market.

The supply in the urban multiple markets increased to 9,628 units in the first quarter of 2002, for an increase of 13.9 per cent from the same period a year ago. At the current 12-month absorption rate, the supply of multiple units should last approximately 13.1 months.

For More Information, Please Contact:

Richard Corriveau

Senior Market Analyst

Telephone: (403) 515-3005

Fax: (403) 515-3036

E-mail: Rcorrive@cmhc-schl.gc.ca

Table 1
PROVINCE OF ALBERTA
STARTS ACTIVITY BY AREA - 1ST QUARTER 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
EDMONTON CMA	**1180**	**775**	**256**	**121**	**1036**	**2593**	**1257**	**
EDMONTON CITY	752	453	180	114	1036	2082	748	**
CALGARY CMA	**1810**	**1395**	**110**	**223**	**669**	**2812**	**2050**	**37.17**
CALGARY CITY	1544	1218	80	199	669	2492	1837	35.66
BROOKS TOWN CA	12	5	0	4	0	16	5	**
CAMROSE CA	9	4	0	0	8	17	4	**
GRAND CENTRE CA	31	25	4	0	0	35	25	40.00
GRANDE CENTRE TOWN	1	1	0	0	0	1	1	0.00
BONNYVILLE TOWN	2	0	0	0	0	2	0	**
COLD LAKE TOWN	17	7	4	0	0	21	7	**
GRANDE PRAIRIE CA	85	42	10	0	94	189	54	**
LETHBRIDGE CA	97	79	4	5	0	106	206	-48.54
LLOYDMINSTER CA	36	20	2	0	0	38	20	90.00
MEDICINE HAT CA	72	45	12	7	16	107	61	75.41
RED DEER CA	156	83	14	5	199	374	242	54.55
WETASKIWIN CA	7	1	4	0	0	11	1	**
WOOD BUFFALO CA	134	165	2	36	0	172	167	2.99
WOOD BUFFALO USA (Fort McMurray)	121	162	2	36	0	159	164	-3.05
ALBERTA URBAN	**3629**	**2639**	**418**	**401**	**2022**	**6470**	**4092**	**58.11**
ALBERTA RURAL	**709**	**542**	**108**	**57**	**247**	**1121**	**669**	**67.56**
TOTAL	**4338**	**3181**	**526**	**458**	**2269**	**7591**	**4761**	**59.44**

Table 1b
PROVINCE OF ALBERTA
STARTS ACTIVITY BY AREA - YEAR TO DATE

	Single		Multiple			Total		Chg
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
EDMONTON CMA	**1180**	**775**	**256**	**121**	**1036**	**2593**	**1257**	**
EDMONTON CITY	752	453	180	114	1036	2082	748	**
CALGARY CMA	**1810**	**1395**	**110**	**223**	**669**	**2812**	**2050**	**37.17**
CALGARY CITY	1544	1218	80	199	669	2492	1837	35.66
BROOKS TOWN CA	12	5	0	4	0	16	5	**
CAMROSE CA	9	4	0	0	8	17	4	**
GRAND CENTRE CA	31	25	4	0	0	35	25	40.00
GRANDE CENTRE TOWN	1	1	0	0	0	1	1	0.00
BONNYVILLE TOWN	2	0	0	0	0	2	0	**
COLD LAKE TOWN	17	7	4	0	0	21	7	**
GRANDE PRAIRIE CA	85	42	10	0	94	189	54	**
LETHBRIDGE CA	97	79	4	5	0	106	206	-48.54
LLOYDMINSTER CA	36	20	2	0	0	38	20	90.00
MEDICINE HAT CA	72	45	12	7	16	107	61	75.41
RED DEER CA	156	83	14	5	199	374	242	54.55
WETASKIWIN CA	7	1	4	0	0	11	1	**
WOOD BUFFALO CA	134	165	2	36	0	172	167	2.99
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TOTAL	**4338**	**3181**	**526**	**458**	**2269**	**7591**	**4761**	**59.44**

*** indicates a greater than 100 per cent change*

Table 2
ALBERTA HOUSING COMPLETIONS BY AREA
1ST QUARTER 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
EDMONTON CMA	**924**	**876**	**94**	**25**	**563**	**1606**	**1590**	**1.01**
EDMONTON CITY	536	512	72	17	462	1087	845	28.64
CALGARY CMA	**1712**	**1382**	**132**	**301**	**809**	**2954**	**2784**	**6.11**
CALGARY CITY	1440	1166	114	273	750	2577	2501	3.04
BROOKS TOWN CA	0	6	0	0	0	0	13	**
CAMROSE CA	15	16	0	0	4	19	20	-5.00
GRAND CENTRE CA	63	41	6	0	0	69	41	68.29
GRANDE CENTRE TOWN	5	5	0	0	0	5	5	0.00
BONNYVILLE TOWN	3	3	0	0	0	3	3	0.00
COLD LAKE TOWN	21	12	6	0	0	27	12	**
GRANDE PRAIRIE CA	134	83	22	0	0	156	105	48.57
LETHBRIDGE CA	92	90	12	15	0	119	130	-8.46
LLOYDMINSTER CA	51	19	2	0	0	53	21	**
MEDICINE HAT CA	62	50	8	10	0	80	90	-11.11
RED DEER CA	188	113	10	44	0	242	145	66.90
WETASKIWIN CA	6	2	2	0	0	8	58	-86.21
WOOD BUFFALO CA	160	178	18	12	0	190	197	-3.55
WOOD BUFFALO USA (Fort McMurray)	148	173	18	12	0	178	192	-7.29
ALBERTA URBAN	**3407**	**2856**	**306**	**407**	**1376**	**5496**	**5194**	**5.81**
ALBERTA RURAL	**1047**	**840**	**167**	**21**	**15**	**1250**	**924**	**35.28**
TOTAL	**4454**	**3696**	**473**	**428**	**1391**	**6746**	**6118**	**10.26**

Table 2b
ALBERTA HOUSING COMPLETIONS BY AREA
YEAR TO DATE

	Single		Multiple			Total		Chg
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
EDMONTON CMA	**924**	**876**	**94**	**25**	**563**	**1606**	**1590**	**1.01**
EDMONTON CITY	536	512	72	17	462	1087	845	28.64
CALGARY CMA	**1712**	**1382**	**132**	**301**	**809**	**2954**	**2784**	**6.11**
CALGARY CITY	1440	1166	114	273	750	2577	2501	3.04
BROOKS TOWN CA	0	6	0	0	0	0	13	**
CAMROSE CA	15	16	0	0	4	19	20	-5.00
GRAND CENTRE CA	63	41	6	0	0	69	41	68.29
GRANDE CENTRE TOWN	5	5	0	0	0	5	5	0.00
BONNYVILLE TOWN	3	3	0	0	0	3	3	0.00
COLD LAKE TOWN	21	12	6	0	0	27	12	**
GRANDE PRAIRIE CA	134	83	22	0	0	156	105	48.57
LETHBRIDGE CA	92	90	12	15	0	119	130	-8.46
LLOYDMINSTER CA	51	19	2	0	0	53	21	**
MEDICINE HAT CA	62	50	8	10	0	80	90	-11.11
RED DEER CA	188	113	10	44	0	242	145	66.90
WETASKIWIN CA	6	2	2	0	0	8	58	-86.21
WOOD BUFFALO CA	160	178	18	12	0	190	197	-3.55
WOOD BUFFALO USA (Fort McMurray)	148	173	18	12	0	178	192	-7.29
ALBERTA URBAN	**3407**	**2856**	**306**	**407**	**1376**	**5496**	**5194**	**5.81**
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TOTAL	**4454**	**3696**	**473**	**428**	**1391**	**6746**	**6118**	**10.26**

Table 3

PROVINCE OF ALBERTA - CENTRES OF 50,000 POPULATION AND OVER SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - 1ST QUARTER

	< $110,000	$110,000 -139,999	$140,000 -169,999	$170,000 -199,999	$200,000 -249,999	$250,000 +	Total
EDMONTON CMA	**13**	**101**	**275**	**234**	**209**	**116**	**948**
CALGARY CMA	**6**	**73**	**375**	**349**	**505**	**488**	**1796**
LETHBRIDGE CA	5	34	34	10	8	5	96
MEDICINE HAT CA	4	16	28	13	2	3	66
RED DEER CA	0	64	42	42	23	19	190
TOTAL	**28**	**288**	**754**	**648**	**747**	**631**	**3096**

Table 3b

PROVINCE OF ALBERTA - CENTRES OF 50,000 POPULATION AND OVER SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - 2001

	< $110,000	$110,000 -139,999	$140,000 -169,999	$170,000 -199,999	$200,000 -249,999	$250,000 +	Total
EDMONTON CMA	**27**	**120**	**254**	**209**	**169**	**110**	**889**
CALGARY CMA	**1**	**78**	**256**	**303**	**268**	**380**	**1286**
LETHBRIDGE CA	20	26	28	10	8	4	96
MEDICINE HAT CA	3	12	17	11	7	8	58
RED DEER CA	0	22	32	27	14	12	107
TOTAL	**51**	**258**	**587**	**560**	**466**	**514**	**2436**

Table 4
PROVINCE OF ALBERTA
UNDER CONSTRUCTION - MARCH 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
EDMONTON CMA	**2,072**	**1,291**	**448**	**195**	**2,506**	**5,221**	**3,384**	**54.28**
EDMONTON CITY	1,255	655	300	180	2,314	4,049	2,414	67.73
CALGARY CMA	**3,089**	**2,236**	**412**	**706**	**2,815**	**7,022**	**6,156**	**14.07**
CALGARY CITY	2,556	1,837	346	651	2,698	6,251	5,581	12.01
BROOKS TOWN CA	39	18	10	4	0	53	24	**
CAMROSE CA	11	12	0	0	8	19	12	58.33
GRANDE CENTRE CA	56	42	4	0	0	60	46	30.43
BONNYVILLE TOWN	3	5	0	0	0	3	5	-40.00
COLD LAKE TOWN	30	14	4	0	0	34	18	88.89
GRANDE PRAIRIE CA	82	40	20	0	94	196	52	**
LETHBRIDGE CA	223	179	20	5	12	260	541	-51.94
LLOYDMINSTER CA	62	56	2	7	0	71	56	26.79
MEDICINE HAT CA	155	90	32	31	168	386	125	**
RED DEER CA	213	113	22	45	602	882	540	63.33
WETASKIWIN CA	7	4	12	0	0	19	16	18.75
WOOD BUFFALO CA	193	62	20	93	237	543	399	36.09
WOOD BUFFALO USA (Fort McMurray)	193	62	20	93	237	543	399	36.09
ALBERTA URBAN	**6,202**	**4,143**	**1,002**	**1,086**	**6,442**	**14,732**	**11,351**	**29.79**
ALBERTA RURAL	**1,016**	**962**	**235**	**218**	**418**	**1,887**	**1,685**	**11.99**
TOTAL	**7,218**	**5,105**	**1237**	**1304**	**6860**	**16,619**	**13,036**	**27.49**

Table 4b
PROVINCE OF ALBERTA
COMPLETE AND NOT OCCUPIED - MARCH 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
EDMONTON CMA	**346**	**540**	**71**	**17**	**541**	**975**	**976**	**-0.10**
CALGARY CMA	**590**	**915**	**131**	**52**	**249**	**1022**	**1614**	**-36.68**
LETHBRIDGE CA	29	31	5	0	1	35	53	-33.96
MEDICINE HAT CA	23	22	6	4	7	40	101	-60.40
RED DEER CA	33	50	9	5	0	47	58	-18.97
Total	**1021**	**1558**	**222**	**78**	**798**	**2119**	**2802**	**-24.38**

N\A: not available

** indicates greater than 100 per cent change

Table 5
ALBERTA
HOUSING ACTIVITY SUMMARY

Activity	Ownership					Rental				Total
	Freehold			Condominium		Private		Assisted		
	Single[1]	Semi[1]	Row	Row	Apt	Row	Apt	Row	Apt	
STARTS										
Current Quarter	3629	418	17	380	765	4	1257	0	0	6470
Previous Year	2639	250	8	184	682	24	305	0	0	4092
Year-To-Date 2002	3629	418	17	380	765	4	1257	0	0	6470
Year-To-Date 2001	2639	250	8	184	682	24	305	0	0	4092
UNDER CONSTRUCTION										
2002	6202	1002	31	1009	3812	46	2630	0	0	14732
2001	4143	702	60	745	4899	122	680	0	0	11351
COMPLETIONS										
Current Quarter	3407	306	20	363	1066	24	310	0	0	5496
Previous Year	2856	292	12	362	1098	58	516	0	0	5194
Year-To-Date 2002	3407	306	20	363	1066	24	310	0	0	5496
Year-To-Date 2001	2856	292	12	362	1098	58	516	0	0	5194
COMPLETED & NOT ABSORBED[2]										
2002	1021	222	3	73	478	2	320	0	0	2119
2001	1558	300	3	141	709	2	89	0	0	2802
TOTAL SUPPLY[3]										
2002	7223	1224	34	1082	4290	48	2950	0	0	16851
2001	5701	1002	63	886	5608	124	769	0	0	14153
ABSORPTIONS[2]										
Current Quarter	3097	280	19	350	1074	29	187	0	0	5036
Previous Year	2447	261	12	306	957	75	678	0	0	4736
12 month Average	1143	111	9	101	358	20	118	0	0	1860

[1] May include units intended for condominium.
[2] Centres of 50,000 population and over.
[3] Sum of units under construction, complete and unoccupied

DEFINITIONS AND BACKGROUND NOTES

Starts and Completions Survey

The purpose of this survey is to measure new residential construction activity. The common unit of measurement is the "dwelling unit" (as opposed to value).

The Starts and Completion Survey enumerates dwelling units in new structures only; such units being designed for non-transient and year-round occupancy. Thus, excluded from the survey are conversions, vacation homes, cottages and collective type dwellings.

Starts - refer to units where construction has advanced to the footing or foundation stage and in the case of multiples, a start applies to the individual unit.

Under Construction - refers to units that have started but are not complete (i.e. units under construction from the previous month plus starts for the current month minus completions during the current month plus/minus any adjustments to units under construction which may include cancellations of projects, re-initiations of projects and/or changes in tenure status).

Completions - refer to units where all proposed construction work has been performed or in some cases where ninety percent of all construction work is completed and the structure is fit for occupancy.

Completed and Unoccupied - refers to completed units of new construction which have never been occupied or sold (i.e. completed and unoccupied units from the previous month plus completions during the current month minus absorptions for the current month).

Total Supply - refers to the total supply of new units and includes, units under construction and units that are completed but not occupied (i.e. under construction plus completed and unoccupied for the current month).

Absorptions - refers to newly completed units which have been sold or rented. The number of absorptions is obtained from a survey initiated when the structure is completed. Units pre-sold or pre-leased are not included until the completion stage (i.e. completed and unoccupied units from the previous month plus completions for the current month minus completed and unoccupied units for the current month).

Dwelling units have been divided into four categories:

The definition of types of dwellings used are in accordance with those used in the Census.

Single-Detached - This type is commonly called a "single-house". It comprises only one-dwelling unit which is completely separate on all sides from any other dwelling or structure including linked homes which are attached below ground.

Semi-Detached - In this category each one of two dwellings are located side-by-side in a building and are separated by a common wall extending from ground to roof or by a garage.

Row - This category comprises a one-family dwelling unit in a row of three or more dwellings separated by common or party walls extending from ground to roof.

Apartment and Other - This category includes all dwelling units other than those described above. It includes structures such as: duplexes, double-duplexes, triplexes, row-duplexes, apartments proper and dwellings over or behind a store or other nonresidential structure. In accordance with the definition, single-detached units with legal secondary suites are included in this category.

Geographical coverage of the survey includes all metropolitan areas, census agglomerations and urban centres of 10,000 population and over, as defined by the Census. These areas are enumerated completely each month. The remainder of the branch territory is covered on a sample basis four times a year in March, June, September and December.

Market Absorption Survey

The purpose of this survey is to provide an indication of the short-term demand for home ownership and rental dwellings. The survey is designed to measure the rate at which units are sold or rented after they are completed.

The geographical coverage of the Market Absorption Survey is all metropolitan areas and all urban centres of 50,000 population and over.

In the Market Absorption Survey, certain dwellings are excluded for various reasons. These are: dwellings financed by CMHC or NHA Section 6, Non-profit Public and Private initiated housing, which are not subject to normal market criteria and dwellings constructed for model purposes.

Absorption in this report is defined as take up monitored at completions plus those from inventory. For the short term, absorptions are a function of actual completions and inventory levels.

1996 Census Definitions

A **Census Metropolitan Area** refers to the main labour market area of an urbanized core having 100,000 or more population. The Edmonton CMA includes 35 municipalities and Calgary CMA includes nine. *Note: Wood Buffalo USA includes Fort McMurray City and Wood Buffalo includes Ft. McMurray CA*

A Census Agglomeration refers to the region labour market area of an urbanized core housing between 10,000 and 99,999 population. CMA's and CA's are created by Statistics Canada and are usually known by the name of the urban area forming their urbanized core. They contain whole municipalities (or census subdivisions) and are comprised of:

1. Municipalities if (a) at least 40% of the employed labour force living in the municipalities work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.
2. Other municipalities if (a) at least 40% of the employed labour force living in the municipality work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.