Alberta

HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

SECOND QUARTER 2002

New Home Market

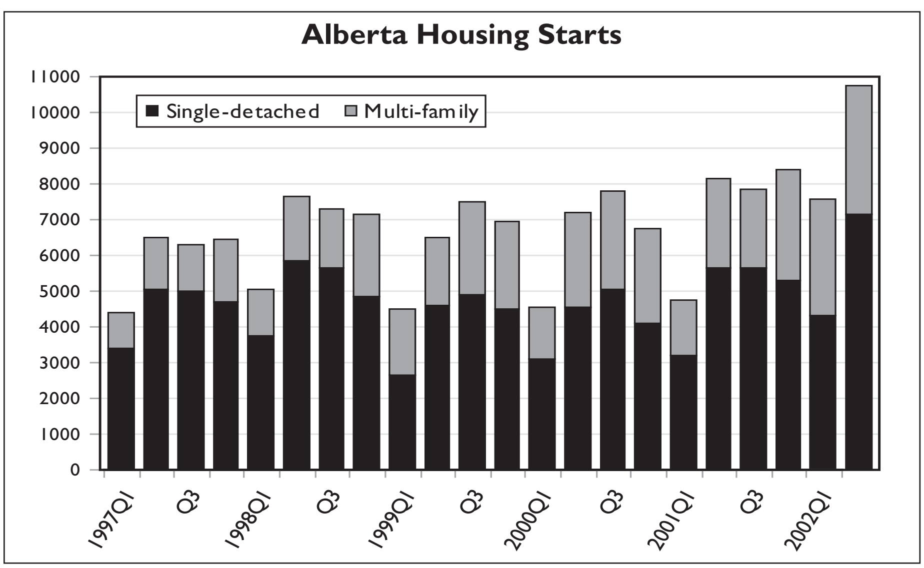
Home Construction Rivals Boom 20 Years Ago

Not since 1981 has there been a stronger first half of the year for residential construction in Alberta. Provincial housing starts during the January to June period totaled 18,359 units, more than 42 per cent higher than the first half of 2001. It also represents the highest total since 18,492 units were recorded in the first six months of 1981. Overall activity was boosted by strong gains in Edmonton and Calgary, pushing the pace of urban starts in the province 44 per cent ahead of the previous year. Rural areas also performed strongly, where total new construction to the end of June sits 31 per cent ahead of the same period one year ago. Only Lethbridge, Lloydminster, and Wetaskiwin recorded weaker activity than the previous year.

With mortgage rates near 40-year lows, buyers have been frantically buying before the expected rate increases in the second half of the year. From January to June, the five-year mortgage rate averaged 7.21 per cent, 42 basis points lower than the first half of 2001. With the exception of 1998 and 1999, the current mortgage rate environment is the most favourable since 1965. While there is no question that low mortgage rates are fuelling housing markets, other factors are also providing a boost. In most areas, the home building industry is also benefiting from strong migration from other provinces and a severe shortage of quality listings in the resale market.

Single-Family Construction On Pace for Record Year

Single-family activity in Alberta's urban centres jumped 34 per cent in the second quarter of 2002 to 5,884 units, 1,504 more than the corresponding period one year earlier. During the same period, rural single-family starts increased by a comparatively modest two per cent. Nonetheless, overall new home construction across Alberta reached 7,150



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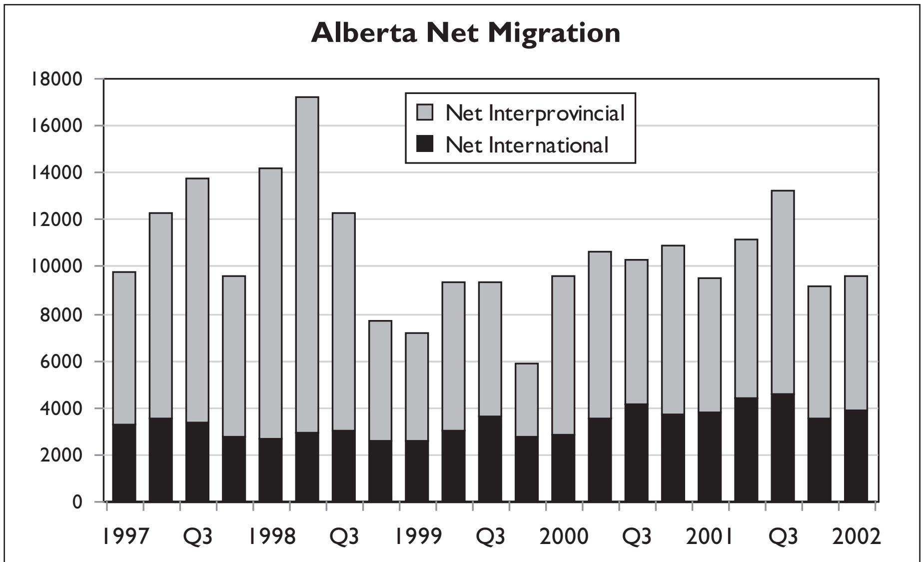
units in the second quarter, representing the best quarterly performance on record.

From April to June, 1,936 single-family homes started construction in the Edmonton CMA, up 37 per cent from levels reported one year ago. Calgary recorded a similar gain, as the 2,838 starts were 36 per cent greater than the previous year. Both of these markets have been benefiting from tight resale markets, where a lack of listings has been pushing prospective buyers into the new home market. Though Edmonton and Calgary led the charge in new home construction in the second quarter, gains were also recorded in most of Alberta's 10 census agglomerations (CAs). Only Lloydminster recorded fewer starts than the previous year, down 21 per cent. Of centres recording gains, Red Deer and Camrose posted the largest increases, at 61 and 42 per cent, respectively.

Single-family construction in the province of Alberta is currently on pace for a record year. To the end of June, 11,488 single-family homes have been started, 30 per cent ahead of the first half of 2001. Meanwhile, the single-family starts to-date are 20 per cent higher than the first half of 1998, a year which saw a record 20,077 units started. Readers should not expect a 20 per cent gain by year-end, however. The pace of activity in the second half of 2002 will begin to moderate as rising mortgage rates begin to temper demand.

Singles under Construction Surge while Inventories Remain Low

Thanks to the year-over-year gain in urban single-family starts, the number of urban singles under construction have spiked to 7,983 units, 51 per cent higher than the previous year and the highest total on record. However, the risk of an inventory build-up associated with such spikes is currently non-existent. Demand continues to be robust, as year-to-date absorptions in centres of over 50,000 population are 23 per cent higher than the first half of 2001, with further gains expected in the coming months. Meanwhile, inventories of complete and unsold units have plummeted recently, thanks to low resale selection and continued strong demand. For all urban centres with population of 50,000 and over, there were only 964 complete and unsold single-family homes at the end of June, 34 per cent fewer than the previous year. With builders in many regions operating at full capacity to satisfy their existing client's demand, significant additions to inventory in the short-term are improbable.



Source: Statistics Canada

Multi-Family Construction Spikes in Edmonton

Total multi-family starts in Alberta, consisting of semi-detached, row, and apartment units, were up an impressive 43 per cent in the second quarter of 2002 compared to the same period a year earlier. In the Edmonton CMA, multi-family starts leaped from 718 units through the second quarter of 2001 to 1,591 in the second quarter of 2002. This represents an astonishing 122 per cent year-over-year gain. In fact, multiple unit starts in Edmonton have surpassed the 3,000 mark by the end of June, up from a comparatively weaker 1,200 one year earlier. Unlike previous years, a strong proportion of Edmonton's multi-family starts are for rental tenure. To the end of June, there were 1,166 starts for rental tenure, up from 344 one year earlier.

Major gains in multi-family construction were also recorded in Medicine Hat, Wood Buffalo, and Calgary. In Medicine Hat, multi-family starts jumped 109 per cent in the second quarter to 113 units, up from 54 one year earlier. Of these 109 units, nearly 85 per cent were apartment units. In Wood Buffalo, multi-family starts went from 107 units in the second quarter of 2001 to 150 units in the second quarter of 2002. Meanwhile, multi-family starts during the second quarter in the Calgary CMA jumped to 1,224 units, up 16 per cent from the previous year. Of centres recording a decline in the second quarter, Red Deer's was the most notable. With zero apartment starts in Red Deer between April and June, overall multi-unit construction fell by over 57 per cent

New Market Supply

In urban centres of 10,000 population and over, an increase in the number of units under construction boosted the total supply of single-detached units from 6,739 units during the second quarter of 2001 to 8,947 units during the second quarter of this year. This represents an increase of 33 per cent. At the current 12-month average rate of absorptions, it will take about 7.5 months to absorb the current supply of single-family dwellings in urban centres. While a six-month supply of single-family dwellings is typically characteristic of a balanced market, CMHC does not expect any ramp up in inventories in the coming months.

Total supply in the multi-family market was about 22 per cent higher in the second quarter of 2002 than the same period one year earlier. At the current 12-month absorption rate, it will take about 15 months to exhaust this supply.

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Table 1
PROVINCE OF ALBERTA
STARTS ACTIVITY BY AREA - 2ND QUARTER 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
EDMONTON CMA	**1936**	**1416**	**246**	**149**	**1196**	**3527**	**2134**	**65.28**
EDMONTON CITY	1123	797	168	60	942	2293	1186	93.34
CALGARY CMA	**2838**	**2092**	**150**	**197**	**877**	**4062**	**3149**	**28.99**
CALGARY CITY	2446	1782	136	176	763	3521	2716	29.64
BROOKS TOWN CA	10	9	2	12	0	24	9	**
CAMROSE CA	27	19	2	0	32	61	53	15.09
GRAND CENTRE CA	67	60	2	0	0	69	62	11.29
GRANDE CENTRE TOWN	3	9	0	0	0	3	9	-66.67
BONNYVILLE TOWN	0	1	0	0	0	0	1	**
COLD LAKE TOWN	22	28	2	0	0	24	28	-14.29
GRANDE PRAIRIE CA	149	120	2	41	13	205	192	6.77
LETHBRIDGE CA	141	125	4	8	12	165	184	-10.33
LLOYDMINSTER CA	56	71	0	0	0	56	102	-45.10
MEDICINE HAT CA	130	94	16	3	94	243	148	64.19
RED DEER CA	278	172	42	47	0	367	380	-3.42
WETASKIWIN CA	6	3	2	0	8	16	47	-65.96
WOOD BUFFALO CA	246	199	0	0	150	396	306	29.41
WOOD BUFFALO USA (Fort McMurray)	228	196	0	0	150	378	303	24.75
ALBERTA URBAN	**5884**	**4380**	**468**	**457**	**2382**	**9191**	**6766**	**35.84**
ALBERTA RURAL	**1266**	**1247**	**142**	**108**	**61**	**1577**	**1387**	**13.70**
TOTAL	**7150**	**5627**	**610**	**565**	**2443**	**10768**	**8153**	**32.07**

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	**3116**	**2191**	**502**	**270**	**2232**	**6120**	**3391**	**80.48**
EDMONTON CITY	1875	1250	348	174	1978	4375	1934	**
CALGARY CMA	**4648**	**3487**	**260**	**420**	**1546**	**6874**	**5199**	**32.22**
CALGARY CITY	3990	3000	216	375	1432	6013	4553	32.07
BROOKS TOWN CA	22	14	2	16	0	40	14	**
CAMROSE CA	36	23	2	0	40	78	57	36.84
GRAND CENTRE CA	98	85	6	0	0	104	87	19.54
GRANDE CENTRE TOWN	4	10	0	0	0	4	10	-60.00
BONNYVILLE TOWN	2	1	0	0	0	2	1	**
COLD LAKE TOWN	39	35	6	0	0	45	35	28.57
GRANDE PRAIRIE CA	234	162	12	41	107	394	246	60.16
LETHBRIDGE CA	238	204	8	13	12	271	390	-30.51
LLOYDMINSTER CA	92	91	2	0	0	94	122	-22.95
MEDICINE HAT CA	202	139	28	10	110	350	209	67.46
RED DEER CA	434	255	56	52	199	741	622	19.13
WETASKIWIN CA	13	4	6	0	8	27	48	-43.75
WOOD BUFFALO CA	380	364	2	36	150	568	473	20.08
WOOD BUFFALO USA (Fort McMurray)	349	358	2	36	150	537	467	14.99
ALBERTA URBAN	**9513**	**7019**	**886**	**858**	**4404**	**15661**	**10858**	**44.23**
ALBERTA RURAL	**1975**	**1789**	**250**	**165**	**308**	**2698**	**2056**	**31.23**
TOTAL	**11488**	**8808**	**1136**	**1023**	**4712**	**18359**	**12914**	**42.16**

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

Table 2
ALBERTA HOUSING COMPLETIONS BY AREA
2ND QUARTER 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
EDMONTON CMA	**1217**	**1014**	**156**	**45**	**578**	**1996**	**1761**	**13.34**
EDMONTON CITY	769	513	96	45	494	1404	1172	19.80
CALGARY CMA	**2037**	**1616**	**152**	**193**	**667**	**3049**	**2817**	**8.24**
CALGARY CITY	1757	1359	132	183	612	2684	2464	8.93
BROOKS TOWN CA	35	12	10	4	0	49	12	**
CAMROSE CA	6	9	0	0	8	14	9	55.56
GRAND CENTRE CA	40	37	4	0	0	44	41	7.32
GRANDE CENTRE TOWN	3	0	0	0	0	3	0	**
BONNYVILLE TOWN	2	5	0	0	0	2	5	-60.00
COLD LAKE TOWN	18	12	4	0	0	22	14	57.14
GRANDE PRAIRIE CA	84	53	20	0	51	155	65	**
LETHBRIDGE CA	122	113	6	0	0	128	413	-69.01
LLOYDMINSTER CA	50	40	0	7	0	57	40	42.50
MEDICINE HAT CA	91	91	16	17	0	124	98	26.53
RED DEER CA	193	104	14	14	8	229	171	33.92
WETASKIWIN CA	5	3	8	0	0	13	3	**
WOOD BUFFALO CA	220	149	16	20	59	315	325	-3.08
WOOD BUFFALO USA (Fort McMurray)	205	144	16	20	59	300	320	-6.25
ALBERTA URBAN	**4100**	**3241**	**402**	**300**	**1371**	**6173**	**5755**	**7.26**
ALBERTA RURAL	**705**	**834**	**126**	**98**	**298**	**1227**	**1041**	**17.87**
TOTAL	**4805**	**4075**	**528**	**398**	**1669**	**7400**	**6796**	**8.89**

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	**2141**	**1890**	**250**	**70**	**1141**	**3602**	**3351**	**7.49**
EDMONTON CITY	1305	1025	168	62	956	2491	2017	23.50
CALGARY CMA	**3749**	**2998**	**284**	**494**	**1476**	**6003**	**5601**	**7.18**
CALGARY CITY	3197	2525	246	456	1362	5261	4965	5.96
BROOKS TOWN CA	35	18	10	4	0	49	25	96.00
CAMROSE CA	21	25	0	0	12	33	29	13.79
GRAND CENTRE CA	103	78	10	0	0	113	82	37.80
GRANDE CENTRE TOWN	8	5	0	0	0	8	5	60.00
BONNYVILLE TOWN	5	8	0	0	0	5	8	-37.50
COLD LAKE TOWN	39	24	10	0	0	49	26	88.46
GRANDE PRAIRIE CA	218	136	42	0	51	311	170	82.94
LETHBRIDGE CA	214	203	18	15	0	247	543	-54.51
LLOYDMINSTER CA	101	59	2	7	0	110	61	80.33
MEDICINE HAT CA	153	141	24	27	0	204	188	8.51
RED DEER CA	381	217	24	58	8	471	316	49.05
WETASKIWIN CA	11	5	10	0	0	21	61	-65.57
WOOD BUFFALO CA	380	327	34	32	59	505	522	-3.26
WOOD BUFFALO USA (Fort McMurray)	353	317	34	32	59	478	512	-6.64
ALBERTA URBAN	**7507**	**6097**	**708**	**707**	**2747**	**11669**	**10949**	**6.58**
ALBERTA RURAL	**1752**	**1674**	**293**	**119**	**313**	**2477**	**1965**	**26.06**
TOTAL	**9259**	**7771**	**1001**	**826**	**3060**	**14146**	**12914**	**9.54**

Table 3

PROVINCE OF ALBERTA - CENTRES OF 50,000 POPULATION AND OVER SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - 2ND QUARTER

	< $110,000	$110,000 -139,999	$140,000 -169,999	$170,000 -199,999	$200,000 -249,999	$250,000 +	Total
EDMONTON CMA	**14**	**108**	**331**	**323**	**276**	**179**	**1231**
CALGARY CMA	**0**	**22**	**463**	**430**	**548**	**569**	**2032**
LETHBRIDGE CA	3	67	29	9	9	7	124
MEDICINE HAT CA	3	24	30	20	12	1	90
RED DEER CA	0	59	51	32	25	20	187
TOTAL	**20**	**280**	**904**	**814**	**870**	**776**	**3664**

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	**34**	**141**	**304**	**241**	**224**	**122**	**1066**
CALGARY CMA	**7**	**92**	**345**	**369**	**399**	**480**	**1692**
LETHBRIDGE CA	9	34	24	12	6	8	93
MEDICINE HAT CA	1	9	25	22	9	7	73
RED DEER CA	0	19	40	21	11	20	111
TOTAL	**51**	**295**	**738**	**665**	**649**	**637**	**3035**

Table 4
PROVINCE OF ALBERTA
UNDER CONSTRUCTION - JUNE 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
EDMONTON CMA	**2,790**	**1,690**	**538**	**299**	**3,124**	**6,751**	**3,912**	**72.57**
EDMONTON CITY	1,609	939	372	195	2,762	4,938	2,586	90.95
CALGARY CMA	**3,888**	**2,712**	**410**	**702**	**2,983**	**7,983**	**6,488**	**23.04**
CALGARY CITY	3,245	2,260	350	636	2,807	7,038	5,833	20.66
BROOKS TOWN CA	14	15	2	12	0	28	21	33.33
CAMROSE CA	32	22	2	0	32	66	56	17.86
GRANDE CENTRE CA	83	65	2	0	0	85	67	26.87
BONNYVILLE TOWN	1	1	0	0	0	1	1	0.00
COLD LAKE TOWN	34	39	2	0	0	36	41	-12.20
GRANDE PRAIRIE CA	147	107	2	44	53	246	179	37.43
LETHBRIDGE CA	242	191	18	13	24	297	311	-4.50
LLOYDMINSTER CA	68	87	2	0	0	70	118	-40.68
MEDICINE HAT CA	194	93	32	17	262	505	175	**
RED DEER CA	298	181	50	78	594	1,020	749	36.18
WETASKIWIN CA	8	4	6	0	8	22	60	-63.33
WOOD BUFFALO CA	219	111	4	73	328	624	379	64.64
WOOD BUFFALO USA (Fort McMurray)	219	111	4	73	328	624	379	64.64
ALBERTA URBAN	**7,983**	**5,278**	**1,068**	**1,238**	**7,408**	**17,697**	**12,515**	**41.41**
ALBERTA RURAL	**1,577**	**1,375**	**250**	**229**	**182**	**2,238**	**2,031**	**10.19**
TOTAL	**9,560**	**6,653**	**1318**	**1467**	**7590**	**19,935**	**14,546**	**37.05**

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

	Single		Multiple			Total		Chg
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
EDMONTON CMA	**321**	**540**	**58**	**13**	**431**	**823**	**976**	**-15.68**
CALGARY CMA	**565**	**818**	**123**	**50**	**237**	**975**	**1517**	**-35.73**
LETHBRIDGE CA	27	42	3	0	0	30	60	-50.00
MEDICINE HAT CA	17	35	3	6	0	26	104	-75.00
RED DEER CA	34	43	8	5	0	47	57	-17.54
Total	**964**	**1478**	**195**	**74**	**668**	**1901**	**2714**	**-29.96**

N\A: not available

** indicates greater than 100 per cent change

Table 5
ALBERTA
HOUSING ACTIVITY SUMMARY

Activity	Ownership					Rental				
	Freehold			Condominium		Private		Assisted		
	Single[1]	Semi[1]	Row	Row	Apt	Row	Apt	Row	Apt	Total
STARTS										
Current Quarter	5884	468	12	298	1807	147	575	0	0	9191
Previous Year	4380	410	41	383	1037	78	437	0	0	6766
Year-To-Date 2002	9513	886	29	678	2572	151	1832	0	0	15661
Year-To-Date 2001	7019	660	49	567	1719	102	742	0	0	10858
UNDER CONSTRUCTION										
2002	7983	1068	33	1027	4511	178	2897	0	0	17697
2001	5278	742	72	895	4483	82	963	0	0	12515
COMPLETIONS										
Current Quarter	4100	402	10	272	1010	18	361	0	0	6173
Previous Year	3241	370	33	233	1317	114	447	0	0	5755
Year-To-Date 2002	7507	708	30	635	2076	42	671	0	0	11669
Year-To-Date 2001	6097	662	45	595	2415	172	963	0	0	10949
COMPLETED & NOT ABSORBED[2]										
2002	964	195	0	69	354	5	314	0	0	1901
2001	1461	314	5	119	656	54	334	0	0	2943
TOTAL SUPPLY[3]										
2002	8947	1263	33	1096	4865	183	3211	0	0	19598
2001	6739	1056	77	1014	5139	136	1297	0	0	15458
ABSORPTIONS[2]										
Current Quarter	3665	360	13	259	1075	11	367	0	0	5750
Previous Year	3050	342	31	250	1185	62	228	0	0	5148
12 month Average	1194	113	8	102	349	15	130	0	0	1911

[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.