HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

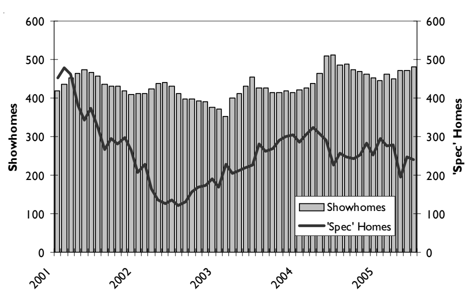
Canada Mortgage and Housing Corporation
www.cmhc.ca

Wet June Dampens Calgary New Home Construction

The record rainfall experienced in June put a damper on Calgary's new home construction. Total housing starts in the Calgary Census Metropolitan Area (CMA) reached 914 units in June, 50 per cent lower than June 2004 and the steepest year-over-year decline in 14 years. While the wet weather contributed strongly to June's poor performance, another factor was also to blame. Housing starts in June of 2004 recorded the best monthly performance in 23 years. As a result, it would have been difficult to surpass last year's activity even if the weather was favorable for new home construction.

Following their best performance of the year, multi-family starts, including semi-detached, row, and apartment units, stumbled in June with their weakest total in 13 months. Only 198 multi-family units began construction in June, representing a decline of 82 per cent from the previous year. As a result, multi-family construction in the first half of the year lags 2004's pace by 25 per cent.

Calgary CMA - Single Family Inventory



Source: Statistics Canada

While a decline is consistent with CMHC's expectations for the year, the extent of the decline is not. We expect to see a strong comeback over the duration of the year, especially in apartment condominiums. After six months, apartment construction lags the pace set in 2004 by 43 per cent. During the same period, row-unit construction has recorded a 39 per cent gain over 2004, while semi-detached units are matching last year's performance.

The wet weather in June also delayed multi-family completions. While the 273 completions matched levels recorded in 2004, they still remain low for this time of season, especially considering the number of units under construction is near a 22-year high. The good news is that absorptions outstripped the number of units completed in June, the first such occurrence in five months. A total of 297 units were absorbed in June, 20 per cent more than in June of 2004 and 24 units more than those completed. As a result, multi-family inventories fell by a similar amount from May, reaching 759 units. Nonetheless, the number of complete and unabsorbed multis is still 26 per cent higher than the previous year. Apartment inventories have reported the largest year-over-year gain, up 46 per cent. However, much of the gain can be attributed to rental units. Semi-detached inventories in June were 34 per cent higher than the previous year, while row-unit inventories reported a 34 per cent decline.

CALGARY

JUNE 2005

IN THIS ISSUE:

ANALYSIS

STATISTICAL TABLES

Hampered by the wet weather, single-family home builders in June also recorded a weaker year-over-year performance. A total of 716 units began construction, six per cent lower than the previous year. The record rainfall came at an inopportune time for single-family builders, as the market was in position for a healthy surge in activity. Now it appears that builders and trades will spend the rest of the summer making up for lost time. Despite the decline in June, year-to-date starts still remain ahead of 2004's activity. After six months, 4,151 single-family units have begun construction, three per cent ahead of the corresponding period in 2004. The largest increase has occurred within the City of Calgary, where single-detached

Canada

CMHC SCHL
HOME TO CANADIANS

starts are four per cent higher than the first half of 2004.

In June, single-family absorptions were only one unit shy of completions, reaching 733. Consequently, the number of complete and unabsorbed singles was relatively unchanged from the previous month, totaling 721units. Complete and unabsorbed singles were also relatively unchanged from the previous year, down only two per cent from June 2004. However, the components of inventory are moving in opposite directions. At 481 units, showhomes are six per cent lower than June 2004. Meanwhile, spec units in inventory are six per cent higher than the same period last year.

The average price of single-family absorptions in June reached $302,906, contributing to a year-to-date total of $304,440 for the Calgary CMA. This represents a gain of 10.6 per cent from the average price recorded in the first half of 2004.

Calgary Resale Market Maintains Record Pace

Following a record pace in the first quarter of the year, residential sales through the Calgary Real Estate Board (CREB) maintained their strong performance from April to June. Residential transactions through CREB totalled 9,521 units in the second quarter of the year, 23 per cent above corresponding levels in 2004. This brings the year-to-date total to 16,331 units, an increase of 17 per cent over 2004. Not only does this represent the best first-half performance on record, the year-over-year increase is the strongest in Calgary's resale market in three years. To the end of June, single-family sales have totalled 11,932 units, a 15 per cent increase over the first half of 2004. Condominium sales have increased to a greater extent, up 23 per cent from 2004 to 4,399 units.

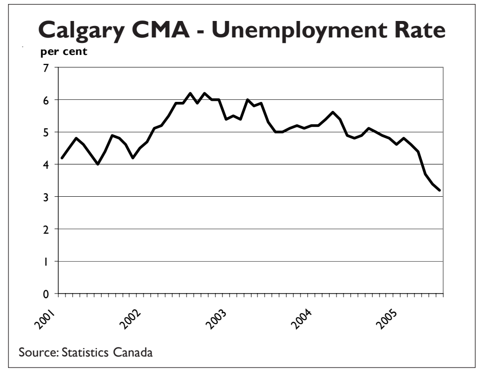
Since the first few months of the year, conditions in Calgary' resale market have shifted more in the favour of the seller. Active listings have declined consistently over the last 12 months and at 4,969 units at the end of June, sit 29 per cent lower than the previous year. With the decline in listings and persistently high sales, the sales-to-active listings ratio has escalated to 63 per cent in June, the highest ratio in 38 months. This, combined with shorter listings durations has contributed strongly to price growth in the first half of 2005.

To the end of June, year-over-year price growth for all units in Calgary's resale market sits at 12 per cent. With the exception of only one month in 1998, this represents the strongest year-over-year price growth in 15 years. Single-family prices have increased 13 per cent in the first half of the year, reaching $270,958. The average condominium, meanwhile, has increased to $181,671 for the first six months of the year, representing a 10 per cent gain over 2004.

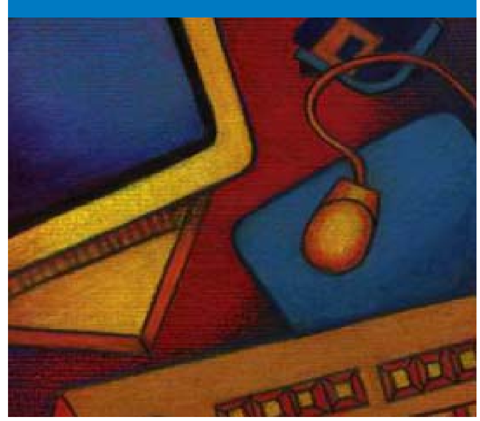
Employment Growth Recovers from Weak First Quarter

According to the Labour Force Survey statistics released by Statistics Canada, the Calgary CMA had 1,100 fewer people employed in the first quarter of 2005 than it did the year previous. Such a decline appeared puzzling, considering escalating energy prices were fuelling an already red-hot economy. As a result, it was merely a matter of time before a recovery in job growth occurred. In the second quarter, employment growth rebounded sharply with employment at the end of June with 11,000 positions more than the previous year.

Despite the second-quarter growth, overall job creation is still suppressed by historical standards. By comparison, June of 2004 saw 18,600 more people employed than the previous year. The good news, however, is that quality positions are being created at above average rates of pay. At the end of June, year-over-year gains in full-time employment stood at 21,400 positions, compared to a loss of 10,400 part-time jobs. This dominance in full-time job gains has produced some strong earnings growth as well. To the end of June, year-to-date average weekly earnings increased more than 11 per cent in the



Calgary CMA, one of the strongest gains in history. The earnings growth has also been fuelled by a record low unemployment rate, which stood at 3.2 per cent in June. Indeed, Calgary is facing labour shortages in a variety of sectors. Undoubtedly, our labour market would see improved job growth if net migration increased to higher levels necessary to fill the multitude of vacant positions.



TOC

Table 1A
STARTS ACTIVITY BY AREA
Calgary CMA - June 2005

Area	Single 2005	Single 2004	Multiple Semi	Multiple Row	Multiple Apt	Total 2005	Total 2004	%Chg 2005/2004
AIRDRIE	45	38	6	4	0	55	54	1.85
BEISEKER	0	0	0	0	0	0	0	**
CALGARY CITY	**712**	**559**	**48**	**121**	**383**	**1264**	**732**	**72.68**
CHESTERMERE LAKE	37	37	6	0	0	43	41	4.88
COCHRANE	6	10	0	0	0	6	10	-40.00
CROSSFIELD	2	1	2	0	0	4	1	**
IRRICANA	0	3	0	0	0	0	3	**
MD ROCKYVIEW	24	24	8	0	0	32	24	33.33
TOTAL	**826**	**672**	**70**	**125**	**383**	**1404**	**865**	**62.31**

Table 1B
STARTS ACTIVITY BY AREA
Calgary CMA - Year to Date 2005

Area	Single 2005	Single 2004	Multiple Semi	Multiple Row	Multiple Apt	Total 2005	Total 2004	%Chg 2005/2004
AIRDRIE	186	160	10	53	0	249	236	5.51
BEISEKER	0	0	0	0	0	0	0	**
CALGARY CITY	**2942**	**2797**	**290**	**480**	**1145**	**4857**	**4583**	**5.98**
CHESTERMERE LAKE	134	142	20	13	0	167	174	-4.02
COCHRANE	26	44	0	0	0	26	48	-45.83
CROSSFIELD	4	4	2	0	0	6	4	50.00
IRRICANA	0	3	2	0	0	2	7	-71.43
MD ROCKYVIEW	143	115	26	0	0	169	123	37.40
TOTAL	**3435**	**3265**	**350**	**546**	**1145**	**5476**	**5175**	**5.82**

** 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.

For more information please contact Richard Corriveau at (403) 515-3005

Table 2A

HOUSING COMPLETIONS BY AREA

Calgary CMA - June 2005

Area	Single 2005	Single 2004	Multiple Semi	Multiple Row	Multiple Apt	Total 2005	Total 2004	%Chg 2005/2004
AIRDRIE	32	21	0	12	0	44	23	91.30
BEISEKER	0	0	0	0	0	0	0	**
CALGARY CITY	**674**	**518**	**44**	**39**	**382**	**1139**	**969**	**17.54**
CHESTERMERE LAKE	24	27	0	5	0	29	31	-6.45
COCHRANE	13	9	0	0	50	63	9	**
CROSSFIELD	0	0	2	0	0	2	0	**
IRRICANA	1	0	0	0	0	1	0	**
MD ROCKYVIEW	37	24	8	4	0	49	24	**
TOTAL	**781**	**599**	**54**	**60**	**432**	**1327**	**1056**	**25.66**

Table 2B

HOUSING COMPLETIONS BY AREA

Calgary CMA - Year to Date 2005

Area	Single 2005	Single 2004	Multiple Semi	Multiple Row	Multiple Apt	Total 2005	Total 2004	%Chg 2005/2004
AIRDRIE	184	150	4	30	112	330	201	64.18
BEISEKER	1	0	0	0	0	1	4	-75.00
CALGARY CITY	**2560**	**2627**	**364**	**268**	**995**	**4187**	**4456**	**-6.04**
CHESTERMERE LAKE	129	112	10	5	0	144	138	4.35
COCHRANE	52	31	4	3	50	109	56	94.64
CROSSFIELD	6	6	6	0	0	12	12	0.00
IRRICANA	4	4	2	4	0	10	8	25.00
MD ROCKYVIEW	160	142	26	4	0	190	166	14.46
TOTAL	**3096**	**3072**	**416**	**314**	**1157**	**4983**	**5041**	**-1.15**

** Indicates a greater than 100 per cent change

Table 3

HOUSING ACTIVITY SUMMARY

Calgary CMA

Activity	Ownership: Freehold Single[1]	Freehold Semi[1]	Freehold Row	Condominium Row	Condominium Apt	Rental: Private Row	Private Apt	Assisted Row	Assisted Apt	Grand Total
Starts										
Current Month	826	70	9	116	381	0	2	0	0	1404
Previous Year	672	74	0	109	10	0	0	0	0	865
Year-To-Date 2005	3435	350	9	537	1143	0	2	0	0	5476
Year-To-Date 2004	3265	352	4	385	705	0	332	0	132	5175
Under Construction										
2005	3801	580	20	851	4165	0	124	0	132	9673
2004	3717	616	8	802	2699	0	332	0	132	8306
Completions										
Current Month	781	54	6	54	326	0	106	0	0	1327
Previous Year	599	60	7	81	309	0	0	0	0	1056
Year-To-Date 2005	3096	416	9	305	947	0	210	0	0	4983
Year-To-Date 2004	3072	290	27	432	975	4	241	0	0	5041
Completed & Not Absorbed										
2005	720	214	0	76	310	0	183	0	0	1503
2004	799	121	3	109	137	0	209	0	0	1378
Total Supply										
2005	4521	794	20	927	4475	0	307	0	132	11176
2004	4516	737	11	911	2836	0	541	0	132	9684
Absorptions										
Current Month	728	101	0	57	244	0	80	0	0	1210
Previous Year	572	60	4	93	307	0	6	0	0	1042
Year-To-Date 2005	3082	395	3	341	815	0	149	0	0	4785
Year-To-Date 2004	2992	291	24	429	1035	9	105	0	0	4885
3-month Average	680	92	1	64	162	0	44	0	0	1043
12-month Average	700	72	1	88	188	0	20	0	0	1069

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