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Starts Decreased in the Second Quarter of 2006

Apartment Starts Posted an Increase

Total housing starts on the Island reached 195 units in the second quarter of 2006 compared to 267 units in 2005. This decrease of 27 per cent was due to a lower level of starts in both the urban and rural areas.

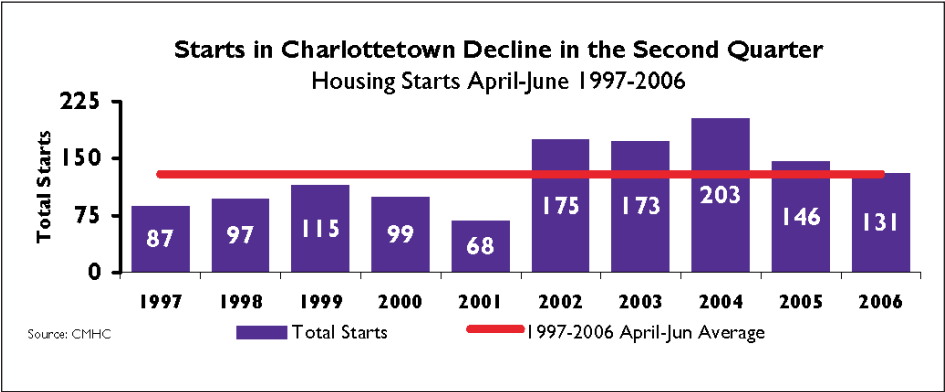
In the Charlottetown CA, new home construction during the second quarter of 2006 declined to 131 units, a decrease of 15 units when compared to the previous year. Although this level of activity is down from the 2005 level, it is still marginally above the 10 year quarterly average of 128 units.

The decline in starts during the second quarter was expected, as the area's housing market continues to slow from four years of above average activity. The Capital region should see total starts decline by about 10 per cent in 2006 as the combined effect of rising prices and recent increases in interest rates drive up the monthly carrying costs for homeowners.

Charlottetown City was the only location in the Capital region to post more starts in second quarter of 2006 when compared to the previous year. This increase came as the result of more multiple units. In 2006 Charlottetown City recorded 32 new multiple units, compared to 16 in 2005. Single-detached units recorded a similar level of activity with 45 new units this year, a decline of only 5 units from 2005. Semi-detached units reached 14 units in 2006, compared to 10 units the previous year.

The Town of Stratford posted a lower level of activity this year when compared to the same period last year. Although the level of single starts was similar in both years, the decrease came from the fact that no multiple units were started during the second quarter of 2006, compared to 18 units last year.

The Town of Cornwall, which consists mainly of single-detached properties, posted the same level of activity in the second quarter of 2006 as compared to the same period last year.



Charlottetown

Date Released: Third Quarter 2006

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Full-time Employment Picked Up in 2006

In the Charlottetown area, total employment increased by 3.7 per cent in the second quarter to 31,633 persons working. This is the highest level of employment on record for the Capital region. These employment gains came from an increase in full-time employment, which advanced almost 5 per cent compared to the same period in 2005.

The local labour force also posted positive growth in 2006 of 3.6 per cent. The end result of both the increased level of employment and labour force is stability in Charlottetown's unemployment rate which has remained unchanged at around 8.8 per cent.

Apartment Construction Reaches the Highest Level Since 1988

The construction of new apartment units posted a significant increase in the first half of 2006, as three new projects were started. This is the first time since 2003 that a number of new apartment projects were started in the first half of the year. This also represents the highest level of apartment starts for this period since 1988. Most of these new units will be for the rental market and targeted towards the higher-end of the market.

Semi-detached units are also off to a good start for the first two quarters of 2006, and the pace of activity should remain strong for the rest of the year. This trend is expected as the price of new single-detached homes continues to rise, and first-time buyers are finding it harder to afford a new home. As a result many buyers are turning to the semi-detached market which allows them to purchase a new home that fits their budget.

MLS® Sales Price Reached a New Record High in 2006

MLS® sales in the Charlottetown area were down in all districts for the second quarter of 2006. District 7, which encompasses the Stratford area, continued to remain popular with buyers. Overall District 7 showed the smallest decrease, with 34 sales this quarter compared to 35 during the same period in 2005. Despite the decrease in sales activity, all four districts posted an increase in the average sale price. The average sale price for the Capital region rose by more than 7 per cent to \$152,259 for the first half of the year.

Like the new home market the resale market is also expected to begin slowing in 2006 due to rising prices and interest rates. This is not unexpected considering that the average sale price for the area has increased by more than 30 per cent in the past three years. As a result many first-time buyers are now finding it difficult to find homes below \$130,000 price range.

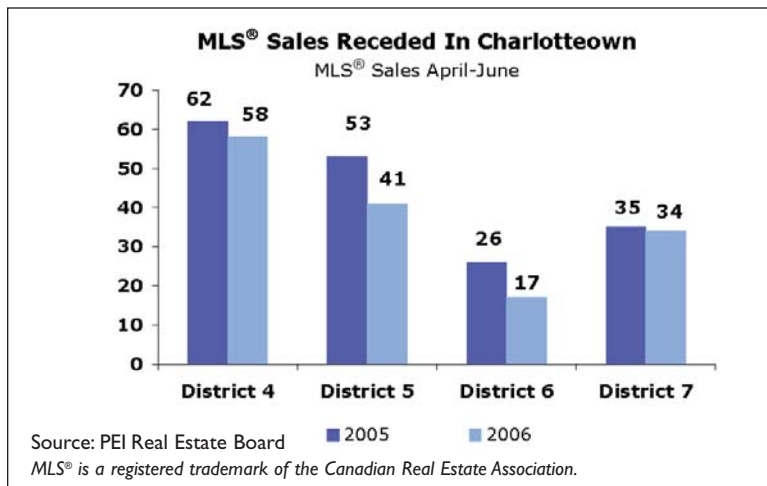
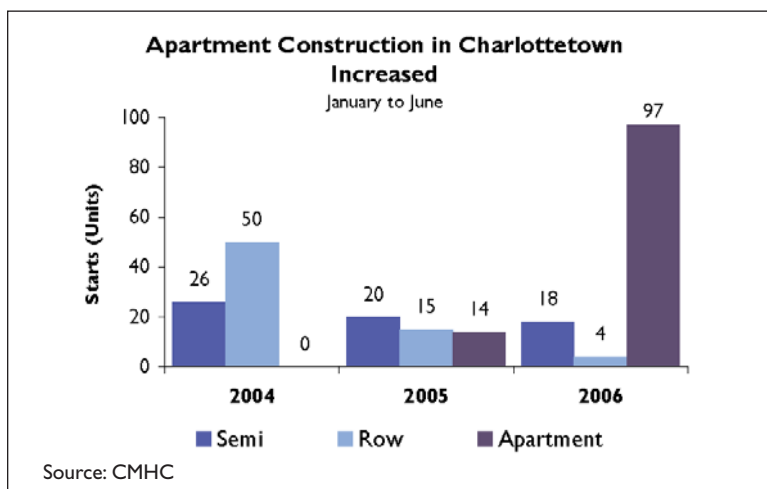
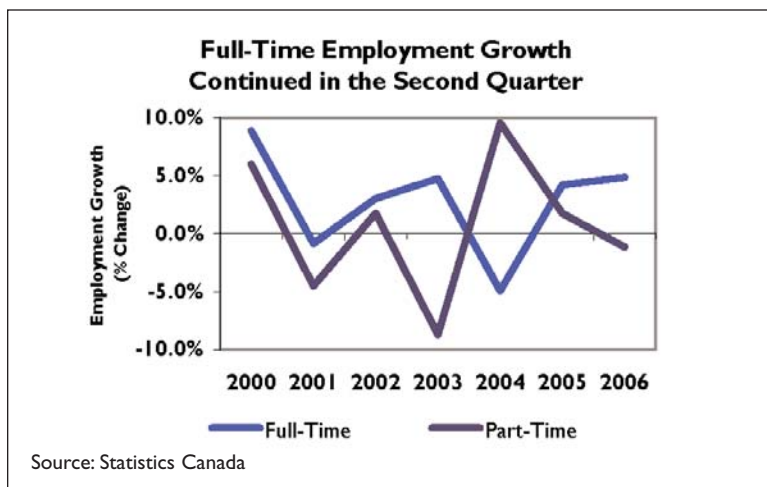


Table 1
Activity Summary By Area
Prince Edward Island

Area	TOTAL HOUSING STARTS				COMPLETIONS				UNDER CONSTRUCTION			
	2nd Quarter		January-June		2nd Quarter		January-June		As at June 31			
	2006	2005	% chg	% chg	2006	2005	% chg	% chg	2006	2005	% chg	% chg
Charlottetown CA	131	146	-10%	18%	244	206	18%	-35%	251	184	36%	36%
Summerside CA	18	28	-36%	-58%	26	62	-58%	270%	20	66	-70%	-70%
Total Urban Areas	149	174	-14%	1%	270	268	1%	-21%	271	250	8%	8%
Total Rural Areas	46	93	-51%	-48%	68	132	-48%	-3%	51	89	-43%	-43%
Total PEI	195	267	-27%	-16%	338	400	-16%	-15%	322	339	-5%	-5%

Source: CMHC

Table 2: MLS Activity in Urban Centres*

	2nd Quarter				Year-to-Date			
	Sales		Avg Sale Price		Sales		Avg Sales Price	
	2006	2005	% Chg	% Chg	2006	2005	2006	% Chg
Charlottetown CA**	58	62	-6%	7%	92	91	\$159,244	1%
District 4	41	53	-23%	5%	65	74	\$134,861	-12%
District 5	17	26	-35%	25%	31	37	\$155,083	-16%
District 6	34	35	-3%	3%	52	56	\$159,965	-7%
District 7	150	176	-15%	8%	240	258	\$152,259	-7%
Total, CA	41	58	-29%	10%	68	84	\$127,952	-19%
Summerside CA	191	234	-18%	9%	308	342	\$146,893	-10%
TOTAL URBAN	191	234	-18%	9%	308	342	\$135,467	8%

* Source: PEI Real Estate Association

**District 4: Charlottetown City, Spring Park & West Royalty

**District 5: Sherwood, Parkdale, East Royalty & Hillsborough Parks

**District 6: Cornwall, North River & Winsloe

**District 7: Bunbury, Southport, Crossroads, Keppoch, Kinlock, Tea Hill, Alexandra to Cherry Valley

**TABLE 3
STARTS BY AREA
CHARLOTTETOWN CA**

Area/ Period	Single	Semi	Row	Apartment & Others	Total
Charlottetown City:					
Second Quarter 2006	45	14	0	18	77
Second Quarter 2005	50	10	0	6	66
Year-to-Date 2006	59	18	0	97	174
Year-to-Date 2005	67	12	0	14	93
Cornwall Town:					
Second Quarter 2006	9	0	0	0	9
Second Quarter 2005	7	2	0	0	9
Year-to-Date 2006	11	0	0	0	11
Year-to-Date 2005	9	2	0	0	11
Stratford Town:					
Second Quarter 2006	21	0	0	0	21
Second Quarter 2005	25	6	0	12	43
Year-to-Date 2006	25	0	4	0	29
Year-to-Date 2005	34	6	15	0	55
Remainder of Charlottetown CA:					
Second Quarter 2006	24	0	0	0	24
Second Quarter 2005	28	0	0	0	28
Year-to-Date 2006	30	0	0	0	30
Year-to-Date 2005	47	0	0	0	47
Total - Charlottetown CA:					
Second Quarter 2006	99	14	0	18	131
Second Quarter 2005	110	18	0	18	146
Year-to-Date 2006	125	18	4	97	244
Year-to-Date 2005	157	20	15	14	206

Source: CMHC

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