HOUSING NOW

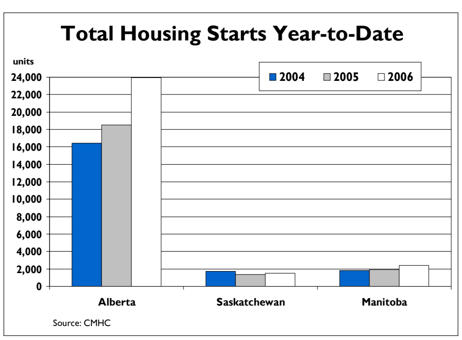
YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation
www.cmhc.ca

Second quarter housing starts reach record levels in Alberta, Saskatchewan and Manitoba record gains

In the second quarter of 2006, Alberta had the highest number of housing starts for any quarter in history. Alberta recorded 13,893 housing starts from April to June, a 23 per cent gain over the previous year. Rural areas led the increase in new home construction, as total starts in the second quarter were 36 per cent higher than the April to June period of 2005. Urban areas, which include centres of 10,000 population and over, also enjoyed a strong performance in the second quarter, as total starts increased 21 per cent over corresponding levels in 2005. Grande Prairie, Wood Buffalo, and Calgary stood out with the strongest year-over-year gains, as starts in the second quarter were 64, 58, and 49 per cent higher than the previous year, respectively. These gains more than offset declines in Edmonton, Brooks, and Lethbridge.

Alberta's second quarter activity pushed the mid-year total for new home construction to 23,924 units, the best first-half performance for any year on record. This also represents a 29 per cent jump over the first half of 2005. Single-detached starts reached 15,701 units in the first six months, an impressive 31 per cent gain over the previous year. Multi-family starts, which include semi-detached, row, and apartment units, recorded a 24 per cent year-over-year gain, reaching 8,223 units. More than 75 per cent of multi-family starts occurred in Calgary and Edmonton.



The record pace of housing starts in Alberta has resulted in an escalation in the number of units under construction. At the end of June, 33,098 housing units were under construction in Alberta, 28 per cent more than corresponding levels in 2005. This represents a record number of units under construction, contributing to substantial upward price pressure. The May release of Alberta's New House Price Index (NHPI) showed a 35 per cent increase in the cost of building compared to the previous year.

Though second-quarter records were not broken in Saskatchewan, builders started more housing units than they did one year earlier. A total of 1,016 units began construction from April to June, representing a five per cent increase over the same period in 2005. While starts in Regina recorded a six per cent year-over-year gain, the overall increase in activity can be attributed to gains in Saskatoon and rural areas. Second quarter starts in Saskatoon were 22 per cent higher than the previous year, while rural starts posted a 20 per cent gain.

PRAIRIES

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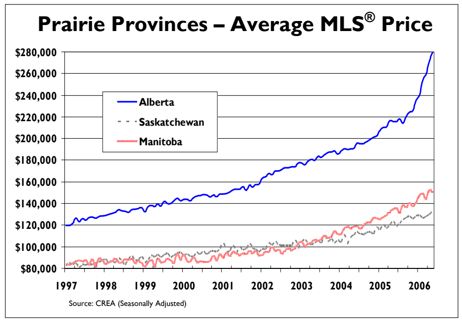
Saskatchewan's second-quarter gain boosted total construction for the first half of the year to 1,501 units, 11 per cent higher than corresponding levels in 2005. With 1,082 starts to-date, single-detached construction recorded a 13 per cent year-over-year gain. Regina posted the most notable jump in single-detached construction, as starts after six months were 30 per cent higher than the previous year. Despite the gain in total housing starts to-date, the number of units under construction in Saskatchewan has fallen. At the end of June, builders were working on six per cent fewer units than they were one year earlier.

In Manitoba, total housing starts in the second quarter were 24 per cent higher than the previous year, totaling 1,534 units. Urban starts accounted for the majority of the increase, as total urban construction in the second quarter was 28 per cent higher than corresponding levels in 2005. Hanover appears to have recorded the strongest year-over-year gain among urban centres; however, the comparison to 2005 is erroneous as Hanover's starts were captured in rural areas one year ago. Winnipeg actually reported the strongest year-over-year gain among urban centres, as second quarter starts surpassed the previous year by 28 per cent.

After the first six months of 2006, total starts in Manitoba are nearly 23 per cent ahead of the pace set in 2005. Multi-family starts are fuelling the gain in Manitoba, as starts in the first half of the year are up by 118 per cent. Much of this can be attributed to strong apartment construction in Winnipeg, where 395 units have been started to date. Single-detached starts in Manitoba during the first half of 2006 have only increased three per cent year-over-year. The overall gain in starts has boosted the under construction count to 2,561 units at the end of June, 33 per cent higher than the previous year and the highest total since September 1989.

Prairie resale transactions on a record-setting pace

Combined resale transactions for the Prairie Provinces are on a record setting pace. Based on figures for the first five months of the year, it appears that sales in Alberta and Manitoba will establish new highs in 2006, while residential transactions in Saskatchewan are on track for the second-best year on record. Sales in Alberta to the end of May have increased 23 per cent over the first five months of 2005, despite a shortage of active listings in most markets. During the same period, Saskatchewan has reported a five per cent gain in sales while Manitoba is up two per cent.



Alberta's record pace of sales combined with a shortage of active listings is contributing to the strongest rate of price growth on record. To the end of May, the average resale price in Alberta reached $268,398, up 25 per cent over the previous year. Though gains have been strong across the province, overall price growth in Alberta has been led by a whopping 32 per cent year-over-year gain in Calgary. Manitoba has also reported strong price growth to-date. After five months, the average price in Manitoba was $150,227, representing a jump of 14 per cent over the previous year. At under eight per cent, Saskatchewan's price growth in the first five months was comparatively modest, averaging $132,378 for all units combined.

Interprovincial migration drawn to Alberta's hot job market

Alberta's vibrant job market continues to attract migrants in droves. In the first quarter of 2006, a total of 20,845 net migrants arrived in Alberta, the best first-quarter performance on record and a 138 per cent increase over the previous year. The majority of this migration came from other provinces, as interprovincial migration into Alberta soared to 15,573 people, more than double the level experienced in the first three months of 2005. Many of Alberta's gains have come at the expense of Saskatchewan and Manitoba. Saskatchewan lost 2,941 people to other provinces in the first quarter of the year, contributing to a total net loss of 2,560 migrants. This is more than double the loss reported one year earlier. In Manitoba, 1,634 people left for other provinces in the first three months of the year. However, strong international migration into Manitoba more than compensated for the losses to other provinces, contributing to a net gain of 526 people in the first quarter.

Alberta's jump in migration and subsequent additions to the labour force has enabled employment to expand at a tremendous rate. In the first half of 2006, Alberta had 72,300 more people employed than it did in the corresponding period in 2005, a year-over-year gain of over four per cent. This represents the strongest increase in employment in Alberta since 1998. All of these gains and more have been in full-time positions.

While Alberta recorded an impressive rate of job growth, the employment expansion in Saskatchewan and Manitoba was relatively weak. After six months, average employment in Saskatchewan has fallen by 300 positions, representing the first half-year decline since 2001. Manitoba, meanwhile, witnessed a payroll expansion of 1.3 per cent after six months, comparatively weaker than the two per cent gain across the country. Despite the relatively weaker job growth in Saskatchewan and Manitoba, their unemployment rates continue to be among the lowest in Canada, averaging 4.6 and 3.8 per cent in the second quarter, respectively. This should reduce the incentive for residents to migrate to other provinces in the coming quarters.

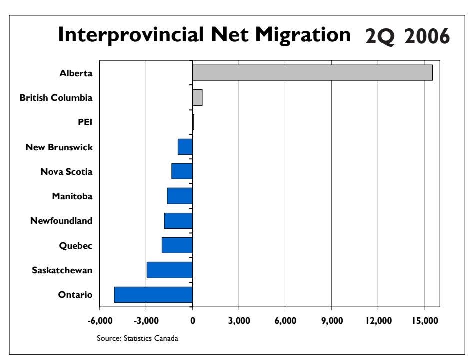


Table 1A
MANITOBA HOUSING STARTS BY AREA
2nd Quarter 2006

Area	Single 2006	Single 2005	Multiple Semi	Multiple Row	Multiple Apt	Total 2006	Total 2005	%Chg 2006/2005
WINNIPEG CMA	**473**	**449**	**16**	**24**	**286**	**799**	**626**	**27.6**
WINNIPEG CITY	383	367	16	24	286	709	544	30.3
BRANDON CA	31	52	4	23	10	68	62	9.7
PORTAGE LA PRAIRIE CA	9	5	0	0	0	9	11	-18.2
HANOVER R.M.	15	-	6	0	0	21	-	-
ST. ANDREWS	11	14	0	0	0	11	14	-21.4
THOMPSON CA	4	0	0	0	0	4	0	**
MANITOBA (URBAN)	**543**	**520**	**26**	**47**	**296**	**912**	**713**	**27.9**
MANITOBA (RURAL)	**547**	**498**	**24**	**4**	**47**	**622**	**524**	**18.7**
MANITOBA (TOTAL)	**1,090**	**1,018**	**50**	**51**	**343**	**1,534**	**1,237**	**24.0**

Table 1B
MANITOBA HOUSING STARTS BY AREA
January to June 2006

Area	Single 2006	Single 2005	Multiple Semi	Multiple Row	Multiple Apt	Total 2006	Total 2005	%Chg 2006/2005
WINNIPEG CMA	**853**	**791**	**62**	**24**	**395**	**1,334**	**1,080**	**23.5**
WINNIPEG CITY	704	656	62	24	395	1,185	945	25.4
BRANDON CA	41	59	4	23	10	78	69	13.0
PORTAGE LA PRAIRIE CA	10	5	0	0	0	10	11	-9.1
HANOVER R.M.	21	-	6	0	0	27	-	-
ST. ANDREWS	16	28	0	0	0	16	28	-42.9
THOMPSON CA	4	1	0	0	0	4	1	
MANITOBA (URBAN)	**945**	**884**	**72**	**47**	**405**	**1,469**	**1,189**	**23.5**
MANITOBA (RURAL)	**716**	**727**	**36**	**4**	**163**	**919**	**756**	**28.0**
MANITOBA (TOTAL)	**1,661**	**1,611**	**108**	**51**	**568**	**2,388**	**1,945**	**22.8**

** Indicates a greater than 100 per cent change

Table 2A
SASKATCHEWAN HOUSING STARTS BY AREA
2nd Quarter 2006

Area	Single 2006	Single 2005	Multiple Semi	Multiple Row	Multiple Apt	Total 2006	Total 2005	%Chg 2006/2005
REGINA CMA	**180**	**174**	**8**	**91**	**0**	**279**	**262**	**6.5**
REGINA CITY	159	128	8	91	0	258	215	20.0
SASKATOON CMA	**269**	**240**	**18**	**18**	**138**	**443**	**363**	**22.0**
SASKATOON CITY	170	150	16	4	138	328	267	22.8
ESTEVAN CA	8	4	0	0	0	8	31	-74.2
LLOYDMINSTER CA (SK)	7	19	0	0	0	7	19	-63.2
MOOSE JAW CA	15	16	2	10	0	27	16	68.8
BATTLEFORD CA	4	4	0	5	0	9	14	-35.7
PRINCE ALBERT CA	13	45	6	0	0	19	51	-62.7
SWIFT CURRENT CA	11	9	0	0	0	11	23	-52.2
YORKTON CA	7	15	0	0	0	7	17	-58.8
SASKATCHEWAN (URBAN)	**514**	**526**	**34**	**124**	**138**	**810**	**796**	**1.8**
SASKATCHEWAN (RURAL)	**199**	**159**	**7**	**0**	**0**	**206**	**171**	**20.5**
SASKATCHEWAN (TOTAL)	**713**	**685**	**41**	**124**	**138**	**1,016**	**967**	**5.1**

Table 2B
SASKATCHEWAN HOUSING STARTS BY AREA
January to June 2006

Area	Single 2006	Single 2005	Multiple Semi	Multiple Row	Multiple Apt	Total 2006	Total 2005	%Chg 2006/2005
REGINA CMA	**335**	**258**	**10**	**99**	**0**	**444**	**346**	**28.3**
REGINA CITY	298	192	10	99	0	407	279	45.9
SASKATOON CMA	**414**	**358**	**28**	**23**	**224**	**689**	**560**	**23.0**
SASKATOON CITY	281	242	26	4	224	535	428	25.0
ESTEVAN CA	9	4	0	0	0	9	42	-78.6
LLOYDMINSTER CA (SK)	30	28	0	0	0	30	28	7.1
MOOSE JAW CA	20	24	2	13	0	35	40	-12.5
BATTLEFORD CA	4	7	0	5	0	9	17	-47.1
PRINCE ALBERT CA	17	47	6	0	0	23	53	-56.6
SWIFT CURRENT CA	14	13	2	0	0	16	27	-40.7
YORKTON CA	7	15	0	0	0	7	17	-58.8
SASKATCHEWAN (URBAN)	**850**	**754**	**48**	**140**	**224**	**1,262**	**1,130**	**11.7**
SASKATCHEWAN (RURAL)	**232**	**206**	**7**	**0**	**0**	**239**	**222**	**7.7**
SASKATCHEWAN (TOTAL)	**1,082**	**960**	**55**	**140**	**224**	**1,501**	**1,352**	**11.0**

** Indicates a greater than 100 per cent change

Table 3A

ALBERTA HOUSING STARTS BY AREA

2nd Quarter 2006

Area	Single 2006	Single 2005	Multiple Semi	Multiple Row	Multiple Apt	Total 2006	Total 2005	%Chg 2006/2005
EDMONTON CMA	**2,541**	**2,231**	**344**	**131**	**1,082**	**4,098**	**4,183**	**-2.0**
EDMONTON CITY	1,573	1,510	216	107	887	2,783	3,062	-9.1
CALGARY CMA	**3,082**	**2,372**	**282**	**297**	**1,524**	**5,185**	**3,479**	**49.0**
CALGARY CITY	2,447	2,054	260	236	1,259	4,202	3,104	35.4
BROOKS TOWN CA	24	20	4	0	0	28	87	-67.8
CAMROSE CA	19	24	6	14	0	39	28	39.3
CANMORE TOWN	14	20	6	56	70	146	104	40.4
COLD LAKE CA	101	72	4	14	0	119	98	21.4
COLD LAKE TOWN	45	18	0	14	0	59	18	**
BONNYVILLE TOWN	6	7	4	0	0	10	9	11.1
GRANDE PRAIRIE CA	301	252	40	18	122	481	294	63.6
LETHBRIDGE CA	160	140	0	9	0	169	251	-32.7
LLOYDMINSTER CA	57	56	0	0	6	63	58	8.6
MEDICINE HAT CA	174	138	26	30	94	324	283	14.5
OKOTOKS TOWN	170	129	26	0	0	196	145	35.2
RED DEER CA	224	229	46	81	0	351	317	10.7
WETASKIWIN CA	8	10	0	0	0	8	16	-50.0
WOOD BUFFALO CA	244	210	10	29	129	412	261	57.9
FORT MCMURRAY	217	203	0	0	17	234	254	**-7.9**
ALBERTA (URBAN)	**7,119**	**5,903**	**794**	**679**	**3,027**	**11,619**	**9,604**	**21.0**
ALBERTA (RURAL)	**2,073**	**1,513**	**79**	**122**	**0**	**2,274**	**1,667**	**36.4**
ALBERTA (TOTAL)	**9,192**	**7,416**	**873**	**801**	**3,027**	**13,893**	**11,271**	**23.3**

Table 3B

ALBERTA HOUSING STARTS BY AREA

January to June 2006

Area	Single 2006	Single 2005	Multiple Semi	Multiple Row	Multiple Apt	Total 2006	Total 2005	%Chg 2006/2005
EDMONTON CMA	**4,562**	**3,650**	**800**	**289**	**1,695**	**7,346**	**6,428**	**14.3**
EDMONTON CITY	2,801	2,462	552	235	1,500	5,088	4,707	8.1
CALGARY CMA	**5,569**	**4,151**	**540**	**450**	**2,470**	**9,029**	**6,390**	**41.3**
CALGARY CITY	4,534	3,571	474	329	2,119	7,456	5,672	31.5
BROOKS TOWN CA	47	33	4	0	0	51	100	-49.0
CAMROSE CA	32	28	8	14	0	54	40	35.0
CANMORE TOWN	23	37	18	81	239	361	211	71.1
COLD LAKE CA	127	109	4	14	47	192	149	28.9
COLD LAKE TOWN	60	30	0	14	47	121	38	**
BONNYVILLE TOWN	8	9	4	0	0	12	13	-7.7
GRANDE PRAIRIE CA	528	376	90	31	122	771	448	72.1
LETHBRIDGE CA	284	231	8	15	0	307	388	-20.9
LLOYDMINSTER CA	80	91	0	0	53	133	135	-1.5
MEDICINE HAT CA	299	215	40	69	189	597	393	51.9
OKOTOKS TOWN	320	223	30	3	0	353	251	40.6
RED DEER CA	470	373	64	121	0	655	526	24.5
WETASKIWIN CA	11	13	0	0	0	11	19	-42.1
WOOD BUFFALO CA	318	328	10	70	249	647	676	-4.3
FORT MCMURRAY	279	321	0	23	49	351	669	-47.5
ALBERTA (URBAN)	**12,670**	**9,858**	**1,616**	**1,157**	**5,064**	**20,507**	**16,154**	**26.9**
ALBERTA (RURAL)	**3,031**	**2,082**	**133**	**210**	**43**	**3,417**	**2,392**	**42.9**
ALBERTA (TOTAL)	**15,701**	**11,940**	**1,749**	**1,367**	**5,107**	**23,924**	**18,546**	**29.0**

** Indicates a greater than 100 per cent change

Table 4

MANITOBA HOUSING ACTIVITY SUMMARY

Centres of 10,000 Population & Over June 2006

Activity	Ownership					Rental		Grand Total
	Freehold			Condominium				
	Single[1]	Semi[1]	Row	Row	Apt	Row	Apt	
Starts								
Current Quarter	543	26	0	39	239	8	57	912
Previous Year	520	4	0	39	48	8	94	713
Year-To-Date 2006	945	72	0	39	263	8	142	1,469
Year-To-Date 2005	884	6	0	43	48	8	200	1,189
Under Construction								
2006	899	60	0	62	496	12	367	1,896
2005	882	8	0	55	96	8	259	1,308
Completions								
Current Quarter	549	40	0	52	45	4	142	832
Previous Year	553	0	0	12	105	12	135	817
Year-To-Date 2006	818	48	0	68	45	8	248	1,235
Year-To-Date 2005	873	10	0	25	133	20	338	1,399
Completed & Not Absorbed								
2006	219	10	0	5	5	0	6	245
2005	181	4	0	5	51	0	63	304
Total Supply[2]								
2006	1,118	70	0	67	501	12	373	2,141
2005	1,063	12	0	60	147	8	322	1,612
Absorptions								
Current Quarter	441	37	0	50	47	4	95	674
Previous Year	500	8	0	13	109	18	171	819
Year-To-Date 2006	704	41	0	58	51	8	179	1,041
Year-To-Date 2005	806	20	0	22	122	21	275	1,266
3-month Average	147	12	0	17	16	1	32	225
12-month Average	154	4	0	9	7	2	25	201

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

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 5

SASKATCHEWAN HOUSING ACTIVITY SUMMARY

Centres of 10,000 Population & Over June 2006

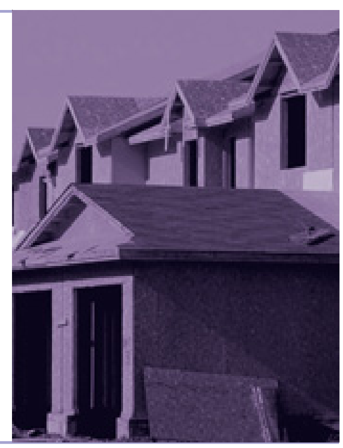
Activity	Ownership					Rental		Grand Total
	Freehold		Condominium					
	Single[1]	Semi[1]	Row	Row	Apt	Row	Apt	
Starts								
Current Quarter	514	34	0	124	138	0	0	810
Previous Year	526	59	0	49	123	0	39	796
Year-To-Date 2006	850	48	3	137	224	0	0	1,262
Year-To-Date 2005	754	71	0	58	192	0	55	1,130
Under Construction								
2006	936	68	0	240	492	4	6	1,746
2005	868	131	0	279	671	35	56	2,040
Completions								
Current Quarter	387	62	0	118	18	0	38	623
Previous Year	351	24	0	88	56	0	0	519
Year-To-Date 2006	768	106	0	167	90	6	38	1,175
Year-To-Date 2005	712	42	0	134	72	4	0	964
Completed & Not Absorbed								
2006	64	7	0	40	73	0	38	222
2005	57	0	0	30	42	0	7	136
Total Supply[2]								
2006	1,000	75	0	280	565	4	44	1,968
2005	925	131	0	309	713	35	63	2,176
Absorptions								
Current Quarter	328	56	0	60	37	0	0	481
Previous Year	298	16	0	96	63	2	0	475
Year-To-Date 2006	591	79	0	86	112	0	0	868
Year-To-Date 2005	557	35	0	141	90	4	0	827
3-month Average	109	19	0	20	12	0	0	160
12-month Average	110	12	0	28	31	0	1	182

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

Table 6
ALBERTA HOUSING ACTIVITY SUMMARY
Centres of 10,000 Population & Over June 2006

Activity	Ownership: Freehold Single[1]	Ownership: Freehold Semi[1]	Ownership: Freehold Row	Ownership: Condominium Row	Ownership: Condominium Apt	Rental Row	Rental Apt	Grand Total
Starts								
Current Quarter	7,119	794	33	596	2,745	50	282	11,619
Previous Year	5,903	784	72	439	2,027	29	350	9,604
Year-To-Date 2006	12,670	1,616	64	992	4,558	101	506	20,507
Year-To-Date 2005	9,858	1,350	90	995	3,251	48	562	16,154
Under Construction								
2006	13,082	2,116	121	1,994	11,605	134	1,070	30,122
2005	9,159	1,738	124	1,640	9,040	51	1,466	23,218
Completions								
Current Quarter	5,068	608	103	554	1,911	47	314	8,605
Previous Year	4,971	706	26	334	1,506	113	336	7,992
Year-To-Date 2006	9,486	1,242	115	916	3,008	67	520	15,354
Year-To-Date 2005	8,868	1,254	66	703	2,525	166	619	14,201
Completed & Not Absorbed								
2006	1,026	279	24	49	450	11	436	2,275
2005	1,449	345	6	164	968	0	633	3,565
Total Supply[2]								
2006	14,108	2,395	145	2,043	12,055	145	1,506	32,397
2005	10,608	2,083	130	1,804	10,008	51	2,099	26,783
Absorptions								
Current Quarter	4,924	626	81	542	1,742	25	142	8,082
Previous Year	4,834	708	19	282	1,446	78	293	7,660
Year-To-Date 2006	9,049	1,177	89	912	2,927	38	447	14,639
Year-To-Date 2005	8,399	1,184	58	642	2,309	134	505	13,231
3-month Average	1,641	209	27	181	581	8	47	2,694
12-month Average	1,574	216	14	162	490	6	84	2,546

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



CMHC – HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for over 60 years.

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