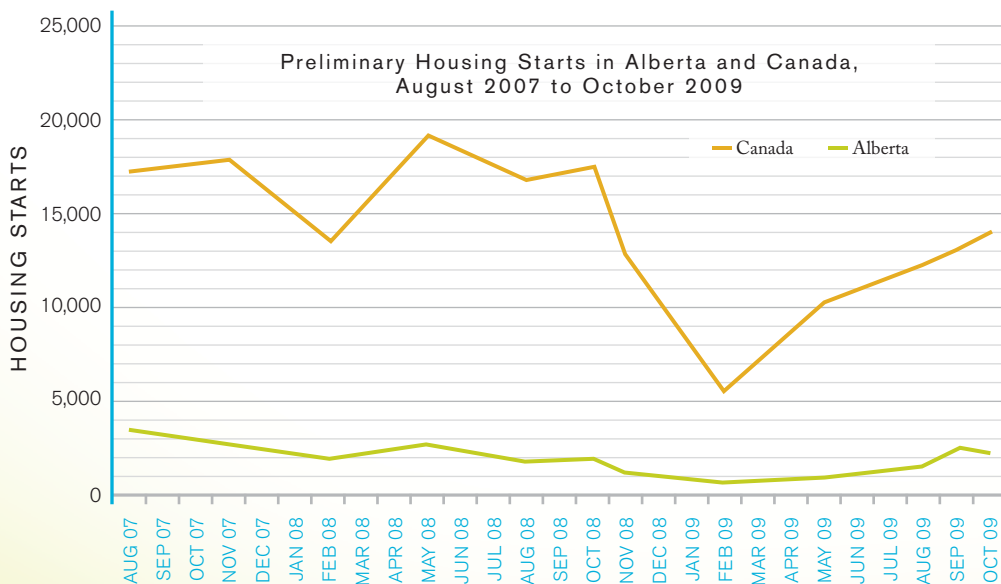


# HOUSING BULLETIN MONTHLY REPORT

1

## HOUSING STARTS SHOW AN UPSWING in NEW HOME BUILDING



- In October 2009, Canada's total housing starts were up 8.2 per cent from the month prior (September 2009), but are down 19 per cent when compared to October 2008.
- Alberta's October 2009 housing starts have increased 8.4 per cent over the previous month (September 2009). Contrary to the national year-over-year trend, however, housing starts in Alberta have increased by 18.6 per cent over the past year (October 2008 to October 2009).
- Since the market lows in February 2009, national starts have increased by over 150 per cent across Canada. Alberta starts have surpassed expectations, showing a recovery of 266 per cent.

\* Data reflects centres with a population of 10,000 and over only.  
Source: Canada Mortgage and Housing Corporation

### ISSUE HIGHLIGHTS

#### Housing Starts

Alberta housing builders are busier as more foundations are poured.

[Page 2](#)

#### Resale House Prices

The inventory of resale homes continues to decline as prices move up.

[Page 4](#)

#### Unemployment

Alberta lost 15,000 jobs in October, the largest loss in Canada.

[Page 5](#)

*Canadians optimistic yet cautious about housing market rebound*

(CANADIAN ASSOCIATION OF ACCREDITED MORTGAGE PROFESSIONALS)

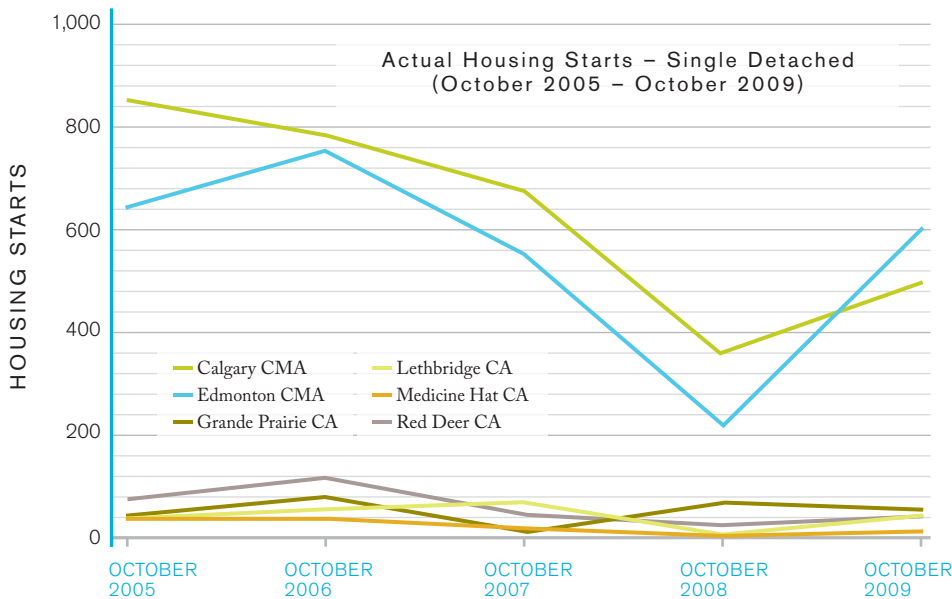
(THE CALGARY SUN) Long-term outlook good for Alberta's housing market. (THE CALGARY SUN) Long-term

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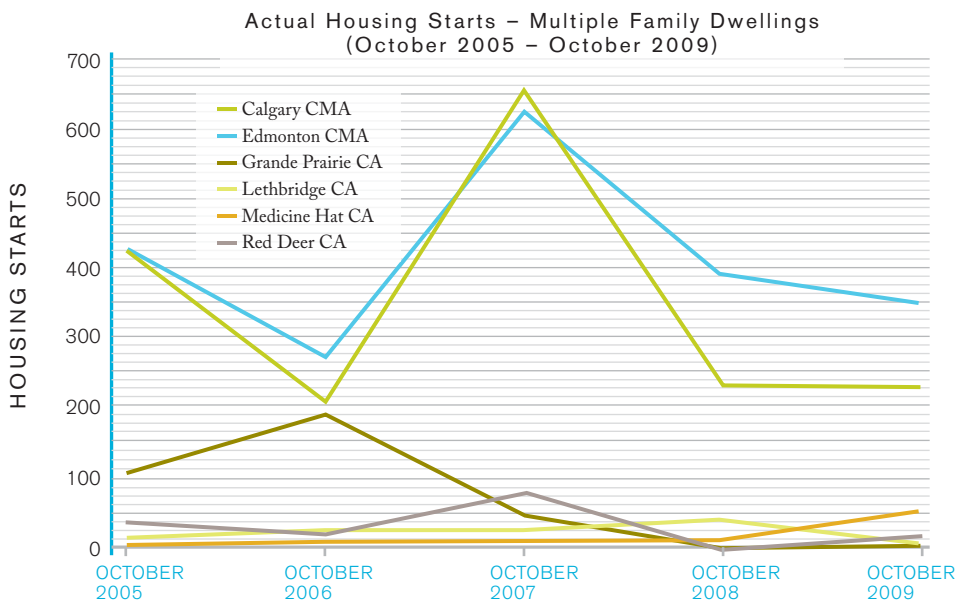
## OCTOBER URBAN HOUSING STARTS for SINGLE-DETACHED HOMES up by NEARLY 75 PER CENT FROM LAST YEAR



Source: Canada Mortgage and Housing Corporation

- Single-detached housing starts across Alberta's seven major urban centres are recovering from the slump over the past three years, and have risen to nearly 80 per cent of the peak starts seen during the housing boom of October 2005.
- From October 2008 to October 2009, housing starts for single-detached homes have more than doubled in Edmonton and the Wood Buffalo region (268 and 285 per cent, respectively). Increases were also seen in Calgary (38 per cent), Red Deer (26 per cent), Medicine Hat (10 per cent) and Lethbridge (70 per cent).
- The only region in Alberta that saw fewer single-detached foundations poured in October 2009 compared to October 2008 was Grande Prairie (-10 per cent).
- These improved market conditions are expected to support price growth into 2010.

## AFTER A TWO-YEAR SLIDE, MULTI-FAMILY STARTS EXPECTED to GRADUALLY IMPROVE IN 2010



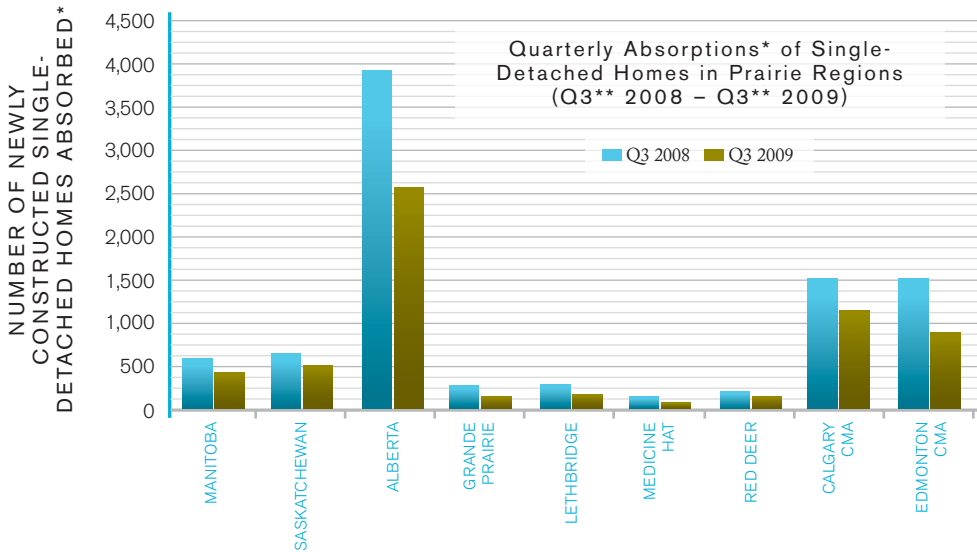
Source: Canada Mortgage and Housing Corporation

- Overall, multiple-family housing starts in Alberta's seven major urban centres decreased by an average of 11 per cent in October 2009 compared to the same month in 2008. Calgary's multiple housing starts fell by 10 per cent, while Edmonton's climbed by 1.7 per cent.
- Regionally, starts on multiple housing structures changed to varying degrees across the province, with a notable increase in Red Deer, from zero starts in October 2008 to 16 starts in October 2009. Medicine Hat's multi-unit starts increased from 12 in 2008 to 54 in 2009; an increase of 350 per cent.

Concerns over the elevated supply of condominium apartments in Edmonton will keep multi-unit starts at low levels for the balance of 2009. (STATISTICS CANADA ANALYSIS CITED BY EDMONTON JOURNAL) [Conc](#)



## FEWER NEW PRAIRIE HOMES were PURCHASED THIS SUMMER



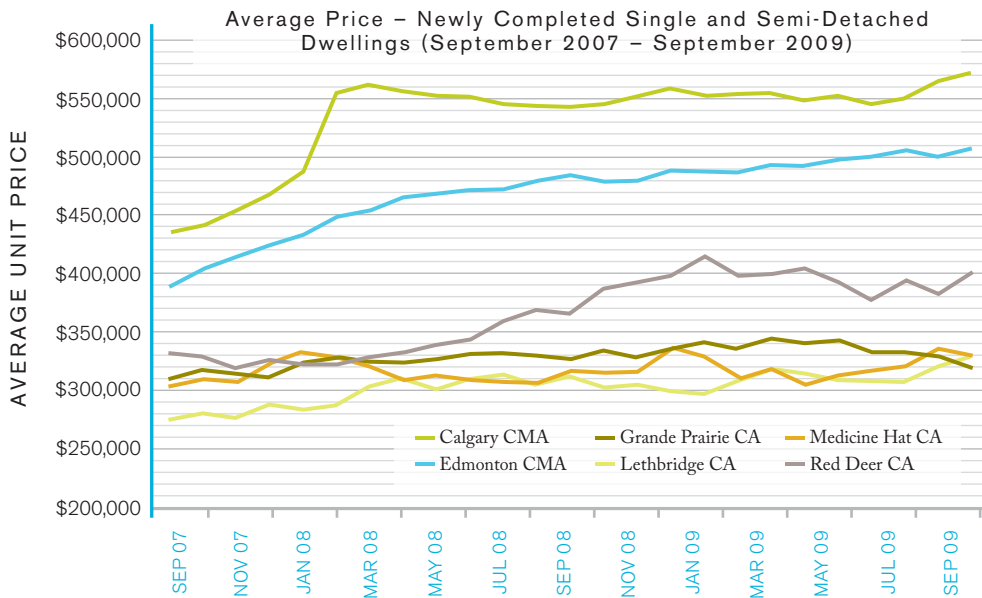
- More newly built homes across the Prairies sat vacant from July to September 2009 than in the same period of 2008.
- Overall, Alberta's new home market slowed down by one third in third quarter 2009, as fewer new constructions were purchased from July to September 2009 compared to the same period in 2008.
- From third quarter 2008 to third quarter 2009, Grande Prairie absorptions fell by 35 per cent, Lethbridge by 32 per cent, Medicine Hat by a whopping 53 per cent, Red Deer by 36 per cent, Calgary by 22 per cent and Edmonton's absorptions decreased by 42 per cent.
- More recent housing starts data (see page 2) indicates an upward swing in demand for new homes in October 2009; suggesting existing newly built housing stock in Alberta is beginning to move since the standstill of September 2009

\* The term "absorbed" means that a newly built housing unit is no longer on the market. This usually happens when a binding contract is secured between a builder and a qualified purchaser by a non-refundable deposit.

\*\* Q3 = July to September.

Source: Canada Mortgage and Housing Corporation.

## NEW HOME PRICES REMAIN STEADY across ALBERTA



- From August to September 2009, the average price for new single and semi-detached homes increased only slightly across Alberta's major centres (1.0 per cent). In particular, the average price increased in Calgary (1.5 per cent), Edmonton (1.1 per cent), Lethbridge (2.9 per cent) and Red Deer (4.2 per cent). Average prices decreased, however, in Grande Prairie (-2.0 per cent) and Medicine Hat (-1.7 per cent).
- Over the past year (September 2008 to 2009), new home prices increased an average of 4.6 per cent across Alberta's urban centres, from \$392,552 to \$411,039.
- Over the past two years, the average price of new homes across Alberta's major centres rose by 18.6 per cent. The most notable increases occurred in Edmonton, with a 29 per cent jump from September 2007 to September 2009 and in Calgary, with an increase of 31.5 per cent.

Notes: Data includes centres with a population of 50,000 and over. Wood Buffalo information is not included. Canada Mortgage and Housing Corporation anticipates to include data for Wood Buffalo in 2009, as according to the 2006 Census, this region now meets the population criteria for this report.

Data reflects the average unit price of newly completed and unabsorbed single-detached and semi-detached dwellings.

Source: Canada Mortgage and Housing Corporation

**HC** Calgary home builders raising prices due to higher labour, development costs, and an improved new housing market. (STATISTICS CANADA) (CMHC) Calgary home b

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## EDMONTON and SURROUNDING AREA - HOUSING MARKET remains ROBUST

### YEAR-TO-YEAR COMPARISON OF HOUSING RESALE ACTIVITY IN EDMONTON IN THE MONTH OF OCTOBER

	AVERAGE PRICE			Days on the Market	Residential Listings	Residential Sales	Monthly Sales to Listings Ratio	Average Year to Date Sales to Listings Ratio
	Single- Family Dwelling	Condominium	Duplex / Rowhouse					
Oct 05	\$225,887	\$141,106	\$198,233	42	1,848	1,333	72	70
Oct 06	\$326,292	\$208,962	\$282,551	23	2,347	1,890	81	86
Oct 07	\$397,189	\$262,875	\$367,964	44	3,745	1,276	34	50
Oct 08	\$363,274	\$237,590	\$307,178	58	3,116	1,251	40	43
Oct 09	\$363,694	\$237,601	\$299,843	47	2,205	1,535	70	61

- After two years of declines in 2007 and 2008, October 2009 home sales in Edmonton increased by 23 per cent from October 2008, but are down nearly 10 per cent from last month, following the normal seasonal trend.
- House prices remained stable year-over-year, but fell by 2.2 per cent from September, which is typical for the season. Overall, the average October 2009 price for a single-family dwelling and for a condominium in Edmonton changed very little over the past year. The average cost of duplexes and rowhomes, however, fell 2.4 per cent from October 2008 to October 2009.

- Nearly 30 per cent fewer Edmonton homes were listed in October 2009 relative to October 2008. Declining inventories may drive average prices up.

Source: Realtors Association of Edmonton

## CALGARY HOUSING MARKET CONTINUED to REBOUND in OCTOBER

### YEAR-TO-YEAR-COMPARISON OF HOUSING RESALE ACTIVITY IN CALGARY

	SINGLE-FAMILY DWELLING					CONDOMINIUM				
	Average Price	Month End Inventory	New Listings Added	Sales	Days on The Market	Average Price	Month End Inventory	New Listings Added	Sales	Days on The Market
Oct 07	\$452,254	5,517	2,586	1,113	40	\$331,617	2,329	1,203	501	40
Oct 08	\$449,100	5,522	2,322	820	48	\$289,148	2,640	1,071	399	50
Oct 09	\$462,465	3,003	1,819	1,285	41	\$289,155	1,482	859	601	44

- Sales of both single-family dwellings and condominiums in Calgary have jumped by over 50 per cent in the past year (October 2008 to October 2009), while new listings have dropped by approximately 20 per cent; a recipe for a dwindling inventory, followed by an increase in demand and prices.

Source: Calgary Real Estate Board

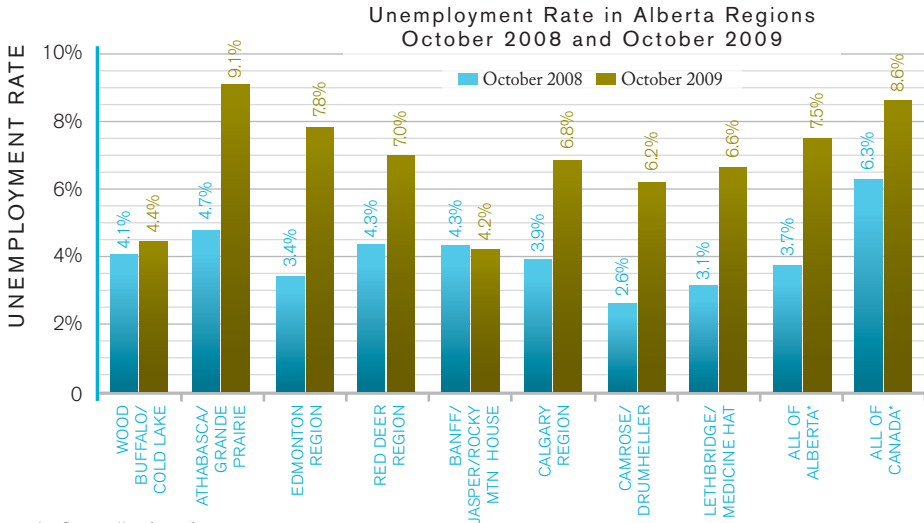
- Move-up buyers have clearly entered Calgary's resale market, as reflected by the year-over-year increase in the average price of a single family home reaching just above \$462,000, a 3 per cent increase from October 2008 to October 2009.
- The average price of a condominium in Calgary did not change at all over the past year (October 2008 to October 2009), and increased by only 1 per cent over the past month (September 2009 to October 2009).

LD) Low mortgage rates spurring buyers to get into housing market before they go back up.  
(THE CALGARY HERALD) Low mortgage rates spurring buyers to get into housing market bef

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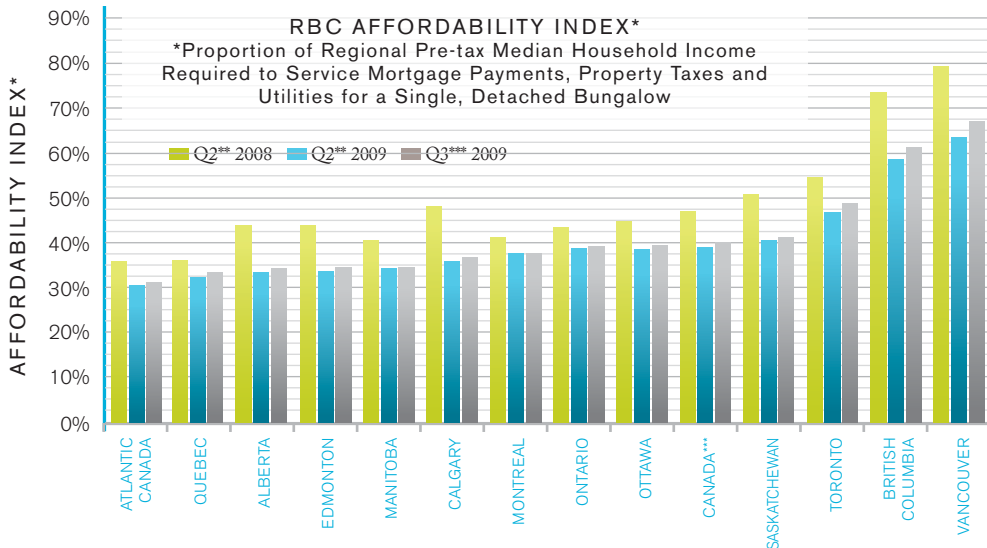
## UNEMPLOYMENT RATES SPIKE WITH THE LOSS OF PART-TIME JOBS in OCTOBER 2009



\* Seasonally adjusted.  
Source: Alberta Employment and Immigration

- Although it remains lower than the national average, unemployment has risen in all Alberta regions (3.7 per cent to 7.5 per cent, seasonally adjusted) from October 2008 to October 2009, except in the Banff, Jasper and Rocky Mountain House regions, where unemployment fell from 4.3 to 4.2 per cent over the past year.
- Unemployment was the highest in the Athabasca and Grande Prairie region in October 2009 (9.1 per cent) compared to October 2008 (4.7 per cent).
- The year-over-year change in Alberta's unemployment rate is in large part due to a loss of full-time positions (-3.7 per cent) that was not offset by an increase in part-time positions (6 per cent).
- The largest year-over-year increase in unemployment occurred in Edmonton (up 7.8 from 3.4 per cent) and Athabasca and Grande Prairie regions (see above).

## AFFORDABILITY WANED ACROSS the COUNTRY OVER the PAST THREE MONTHS; EDMONTON REMAINS MOST AFFORDABLE MAJOR CENTRE IN THE WEST



\* Proportion of Regional Pre-tax Median Household Income Required to Service Mortgage Payments, Property Taxes and Utilities for a Single, Detached Bungalow.  
\*\* Q2 = April - June  
\*\*\* Q3 = July - September.  
\*\*\* Population weighted average.  
Source: Royal Bank of Canada Economics Research

- The string of significant improvements in housing affordability in Canada finally came to an end in the third quarter of 2009 as affordability deteriorated across the country for the first time in six quarters for all housing types.
- Housing affordability in Edmonton and Calgary dropped 9.8 and 12.4 per cent, respectively between second and third quarter 2009. Average affordability fell 8.4 per cent over this period in all Canadian provinces and cities (survey by the Royal Bank of Canada).
- Compared to Canada's other large urban centres, homeownership for a single-detached bungalow remains more affordable in Edmonton (34.7 per cent) than Calgary (36.7 per cent), Montreal (37.5 per cent), Ottawa (39.2 per cent), Toronto (48.6 per cent) and Vancouver (66.8 per cent) in third quarter 2009.

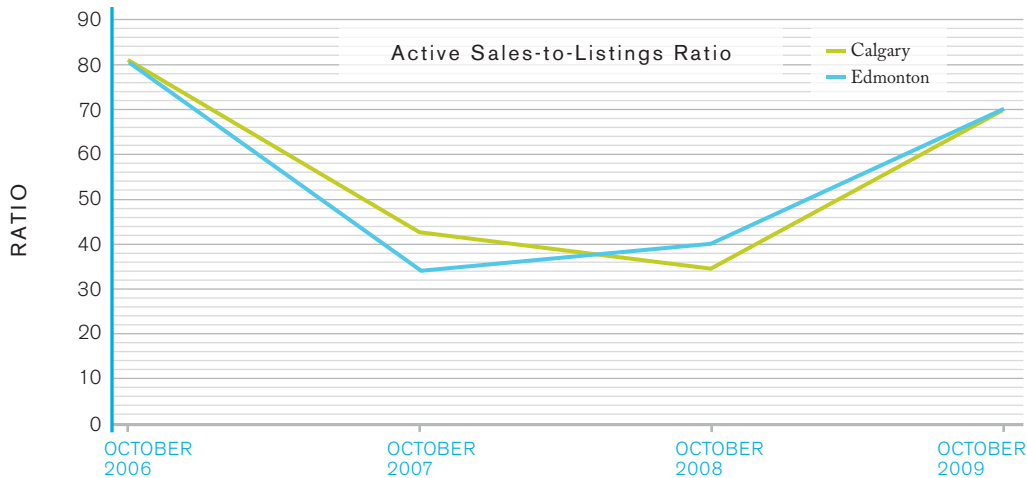
80% (ORT) Canadians are positive about house prices and feel this is a good time to buy a home. (CANADIAN ASSOCIATION OF ACCREDITED MORTGAGE PROFESSIONALS SURVEY REPORT) Canada

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## CALGARY AND EDMONTON'S HOUSING MARKET: BUYERS, SELLERS or BALANCED?



- The ratio of sales-to-active home listings represents the proportion of listed homes that are selling in an area.
- Edmonton and Calgary's sales to listing ratios were at a healthy 40 to 45 per cent in October 2007 and 2008, but have since risen to a ratio of 70 in October 2009.
- This could mean that Edmonton and Calgary's October 2009 housing market is heating up because a greater proportion of listed homes are selling.
- A more plausible explanation of this proportional increase is the year-over-year decrease in overall listings over the past year in both Edmonton and Calgary (see page 4).



- Homes typically take 40-55 days to sell in balanced market conditions.
- The average number of days on the market reached a high of 48 days in Calgary and 58 days in Edmonton in October 2008. Since that time, housing markets in Alberta's two largest cities have begun to recover as evidenced by October 2009 data, indicating a return to normal averages: 41 days in Calgary and 47 days in Edmonton.
- This points to a balanced market, as does the average number of days a home sits 'for sale' on Calgary and Edmonton's market, which is now approximately 45.

GARY SUN) Pace of sales in the last few months is not expected to continue into 2010, but increase at a more moderate rate (CMHC AS QUOTED BY THE CALGARY SUN) Pace of sales in the last few months is n