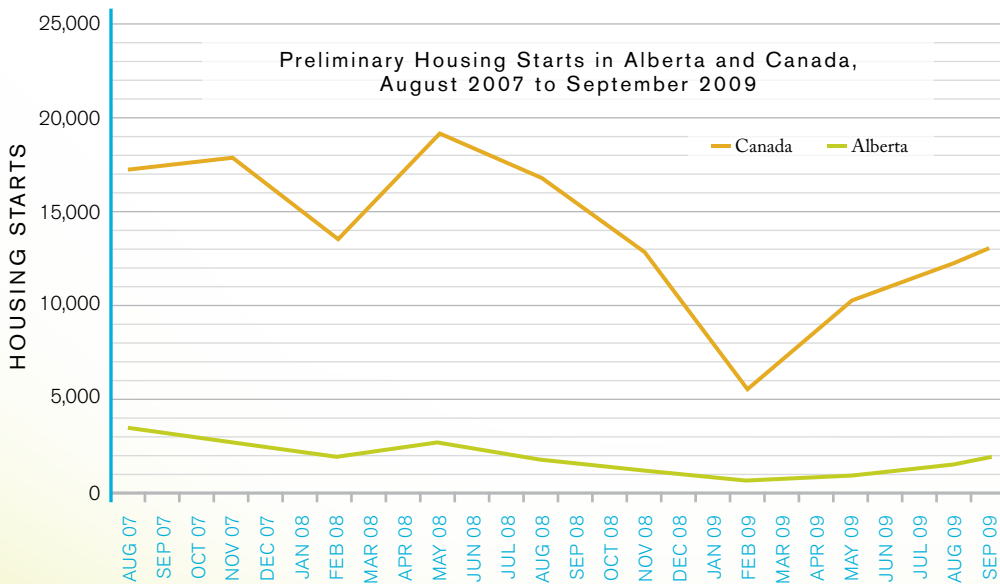


# Housing Bulletin MONTHLY REPORT

## PRELIMINARY HOUSING STARTS DEMONSTRATE A HEALTHY RECOVERY over the PAST SEVEN MONTHS



- Canada's total housing starts in September 2009 are up nearly 7 per cent from the month prior, but are down 26 per cent when compared to September 2008.
- Alberta's September 2009 housing starts have increased 32 per cent over the previous month (August 2009). Contrary to the national year-over-year trend, however, starts in Alberta have increased by 9.6 per cent over the past year (September 2008 to September 2009).
- Housing starts hit bottom in February 2009. Since that time, national starts have increased 133 per cent, while Alberta starts soared by 238 per cent!

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

### ISSUE HIGHLIGHTS

#### Housing Starts

Single-detached housing starts in Edmonton and Calgary outpace that of multiple dwellings.

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#### Homeownership

Albertans over-extended in recent years; Alberta leads country in mortgage arrears.

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#### Affordability

Alberta now most affordable province west of Quebec.

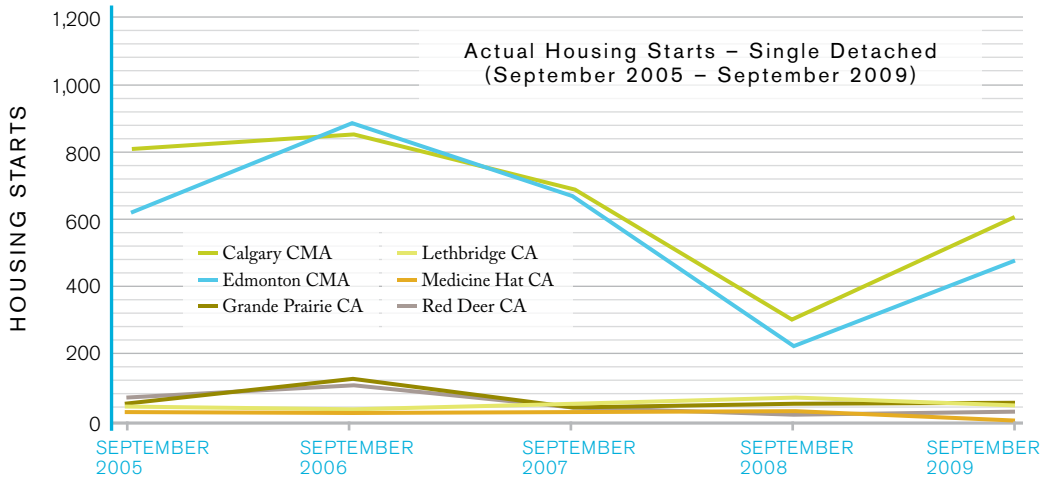
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*Bank of Canada maintains low interest rates.*

(CANADIAN BANKERS ASSOCIATION)

CH) September 2009 housing permits suggest further climb in new construction over the final quarter of this year. (HOUSING NEWS FLASH, SCOTIABANK GROUP GLOBAL ECONOMIC RESEARCH)

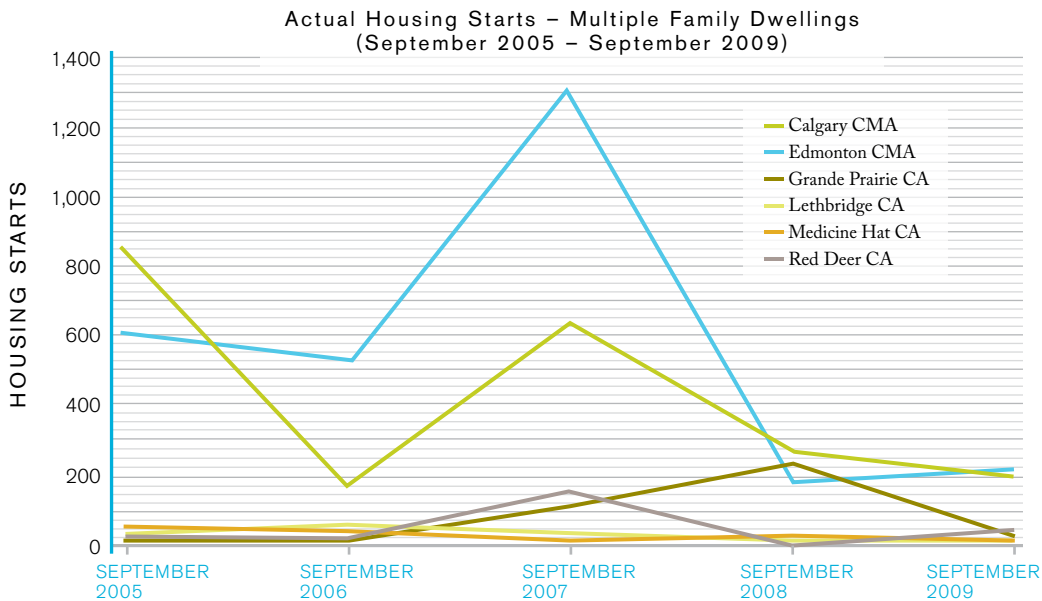
## SINGLE-DETACHED HOUSING STARTS RAMPING UP IN EDMONTON and CALGARY



Source: Canada Mortgage and Housing Corporation

- Single-detached housing starts across Alberta's seven major urban centres increased an average of nearly 63 per cent over the past year, but are still a long way from the highs seen during the housing boom in 2006.
- Housing starts for single-detached homes have doubled in Edmonton and Calgary from September 2008 to September 2009 with increases also seen in Red Deer (23 per cent) and Lethbridge (57 per cent).
- Fewer foundations were poured for single-detached homes in September 2009 compared to September 2008 in Grande Prairie (-3 per cent), Medicine Hat (-66 per cent) and the Wood Buffalo Region (-61 per cent).

## DIRECTION of MULTIPLE FAMILY STARTS MIXED

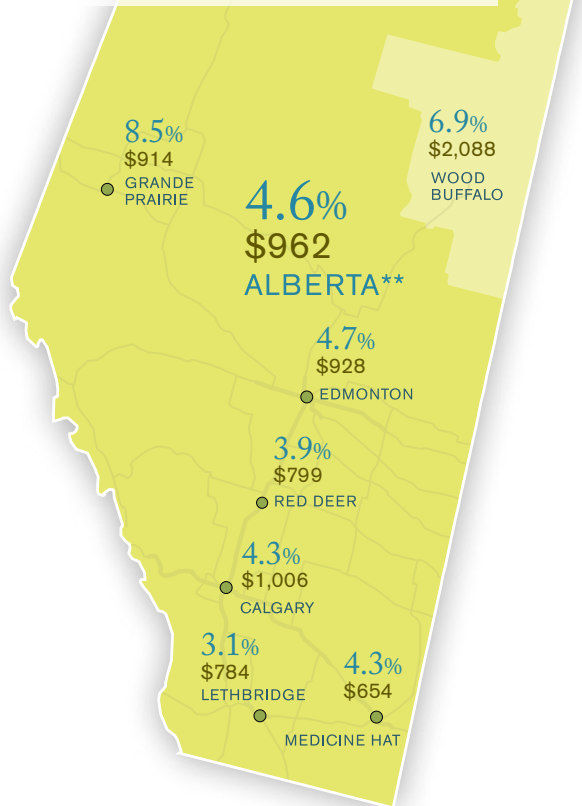


Source: Canada Mortgage and Housing Corporation

- Overall, multiple-family housing starts in Alberta's seven major urban centres decreased an average of 34 per cent in September 2009 compared to the same month in 2008. Calgary's multiple housing starts fell by 26 per cent, while Edmonton's climbed by 13 per cent.
- Regional starts on multiple housing structures changed to varying degrees across the province, with a notable increase in Red Deer, from 4 starts in September 2008 to 42 starts in September 2009, an increase of 950 per cent!
- No multiple housing dwellings were started in Medicine Hat in September 2009 compared to 20 starts one year prior. Further decreases were seen in Grande Prairie (-96 per cent) and the Wood Buffalo Region (-40 per cent).

GE HERALD) Lethbridge home building activity even hotter in September than the weather; residential construction 56 per cent higher than previous year. (LETHBRIDGE HERALD) Lethbri

Average Vacancy Rates\* and Average Apartment Rental Rates in Alberta's Major Urban Centres\*\*\* April 2009



## AVERAGE APARTMENT VACANCY RATES in ALBERTA'S URBAN CENTRES INCREASED

- Most recent data shows average private rental vacancy rates across Alberta's major urban centres have increased nearly 60 per cent, from 2.9 per cent in 2008 to 4.6 per cent in 2009, with Wood Buffalo leading the year-over-year increase in vacancy rates from 0.1 per cent in April 2008 to nearly 7 per cent in April 2009.
- Overall, there was a small change in the average cost to rent an apartment in Alberta from April 2008 (\$953 per month) to April 2009 (\$962 per month).
- The highest year-over-year rental rate increase was in Lethbridge, at 5.9 per cent. The largest drop was in Grande Prairie, at -6.6 per cent.

|                   | AVERAGE APARTMENT VACANCY RATES* |            |            |            |  | AVERAGE MONTHLY APARTMENT RENTAL RATES* |            |            |            |  |
|-------------------|----------------------------------|------------|------------|------------|--|---|------------|------------|------------|--|
|                   | October 2006**                   | April 2007 | April 2008 | April 2009 | % Change from April 2008 to April 2009 | October 2006**                          | April 2007 | April 2008 | April 2009 | % Change from April 2008 to April 2009 |
| Calgary CMA       | 0.5%                             | 0.5%       | 0.2%       | 4.3%       | 2050.0%                                | \$851                                   | \$925      | \$992      | \$1,006    | 1.4%                                   |
| Edmonton CMA      | 1.2%                             | 1.1%       | 3.4%       | 4.7%       | 38.2%                                  | \$727                                   | \$795      | \$908      | \$928      | 2.2%                                   |
| Grande Prairie CA | 0.1%                             | 0.9%       | 8.8%       | 8.5%       | -3.4%                                  | \$905                                   | \$1,039    | \$979      | \$914      | -6.6%                                  |
| Lethbridge CA     | 0.6%                             | 1.3%       | 0.8%       | 3.1%       | 287.5%                                 | \$631                                   | \$672      | \$740      | \$784      | 5.9%                                   |
| Medicine Hat CA   | 1.0%                             | 1.7%       | 2.0%       | 4.3%       | 115.0%                                 | \$574                                   | \$596      | \$634      | \$654      | 3.2%                                   |
| Red Deer CA       | 0.5%                             | 2.1%       | 3.2%       | 3.9%       | 21.9%                                  | \$682                                   | \$734      | \$798      | \$799      | 0.1%                                   |
| Wood Buffalo CA   | 0.2%                             | 0.2%       | 0.1%       | 6.9%       | 6800.0%                                | \$1,605                                 | \$1,607    | \$2,193    | \$2,088    | -4.8%                                  |
| Alberta***        | 0.9%                             | 0.9%       | 2.9%       | 4.6%       | 58.6%                                  | \$781                                   | \$847      | \$953      | \$962      | 0.9%                                   |

\* Average vacancy and rental rates includes all unit types (i.e., Bachelor, 1-Bedroom, 2-Bedroom and 3-Bedroom+).

\*\* April 2006 data is not available, as Canada Mortgage and Housing Corporation started conducting Rental Market Survey on a semi-annual basis in April 2007.

\*\*\* Data includes centres with a population of 10,000 and over.

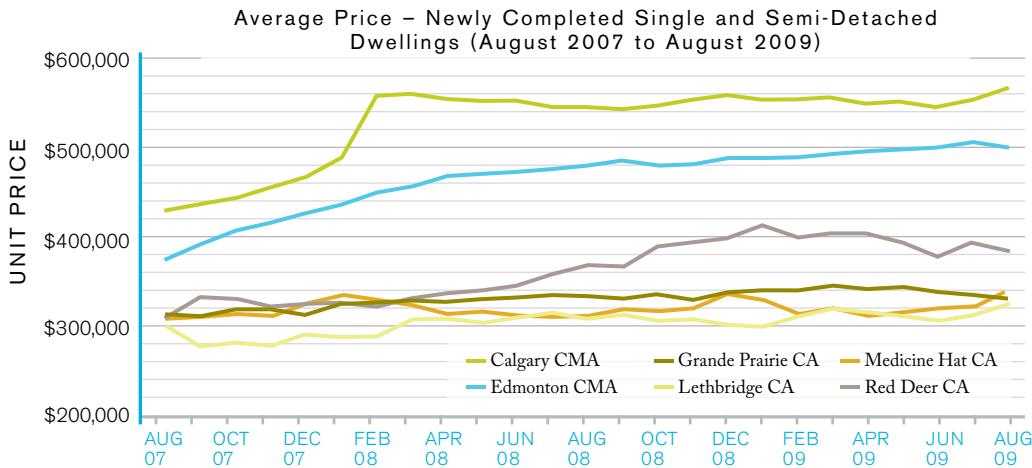
Source: Canada Mortgage and Housing Corporation

se. (CMHC) Little growth in monthly rental rates as vacancies increase. (CMHC) Li

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## NEW HOME PRICES SLOWLY CREEPING UPWARDS



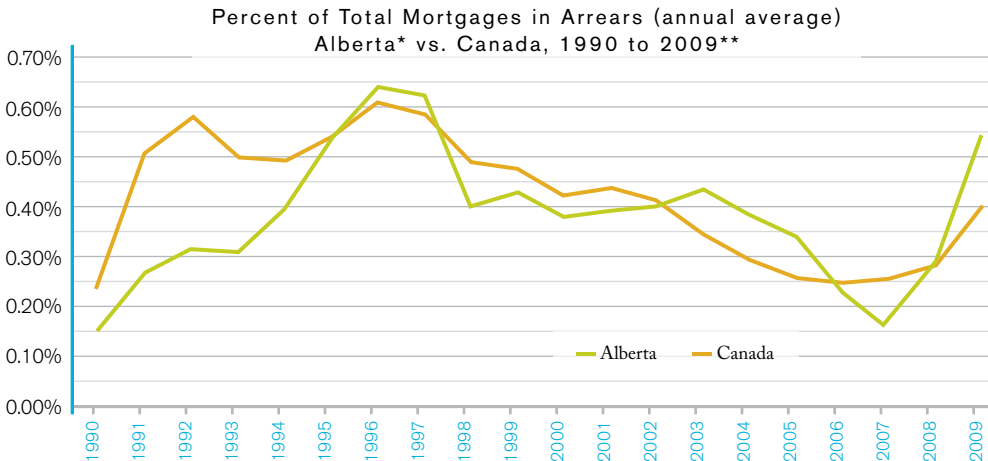
\* Data includes centres with a population of 50,000 and over. Wood Buffalo information is not included. Canada Mortgage and Housing Corporation anticipates to include data for Wood Buffalo in 2009, as according to the 2006 Census, this region now meets the population criteria for this report.

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

Source: Canada Mortgage and Housing Corporation

- From July to August 2009, the average price for new homes across Alberta's major centres increased slightly (0.9 per cent) with decreases in Edmonton (-0.9 per cent), Grande Prairie (-1.8 per cent) and Red Deer (-3.0 per cent) and increases in Calgary (2.6 per cent), Lethbridge (3.6 per cent) and Medicine Hat (4.8 per cent).
- Year-to-year new home prices increased an average of 4.2 per cent across Alberta's seven major urban centres; from \$390,562 in August 2008 to \$406,429 in August 2009. Yearly gains as high as 10 per cent were seen in Medicine Hat, and one annual loss occurred in Grande Prairie, decreasing 0.97 per cent.
- Over the past two years, the average price of new homes across Alberta's seven major urban centres rose by 19 per cent. The most notable increase was seen in Edmonton, with a 34 per cent jump from August 2007 to August 2009.

## MORTGAGE ARREARS in ALBERTA SURPASS NATIONAL AVERAGE



\* Data for Northwest Territories and Nunavut are included in Alberta.

\*\* January to August 2009.

Source: Canadian Bankers Association

- As of August 2009, 0.55 per cent of Alberta's mortgages stood in arrears; the highest in the country.
- Alberta's proportion of mortgages in arrears has not reach such highs since the mid 1990's.

BC Household debt in Canada is now 140 per cent of income, up from 131 per cent a year earlier. (CIBC)

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## EDMONTON HOMES SALES picking up STEAM

Year-to-Year Comparison of Housing Resale Activity in Edmonton

|        | AVERAGE PRICE          |             |                   | Days on the Market | Residential Listings | Residential Sales | Sales to Listing Ratio | Year to Date Listings |
|--------|------------------------|-------------|-------------------|--------------------|----------------------|-------------------|------------------------|-----------------------|
|        | Single-Family Dwelling | Condominium | Duplex / Rowhouse |                    |                      |                   |                        |                       |
| Sep-05 | \$216,490              | \$137,998   | \$193,165         | 40                 | 2,243                | 1,547             | 69                     | 70.97                 |
| Sep-06 | \$322,077              | \$212,403   | \$279,038         | 23                 | 2,604                | 1,844             | 71                     | 86.77                 |
| Sep-07 | \$399,555              | \$270,745   | \$310,110         | 43                 | 3,952                | 1,042             | 26                     | 51.77                 |
| Sep-08 | \$362,097              | \$252,234   | \$315,690         | 61                 | 3,140                | 1,729             | 55                     | 44.05                 |
| Sep-09 | \$371,947              | \$245,546   | \$299,964         | 44                 | 2,564                | 1,704             | 66                     | 62.54                 |

Source: Realtors Association of Edmonton

- Although home resales were not at record levels in September 2009 (1,704), they compared favourably with sale levels seen in August 2009 (1,673) and comparable with one year ago (1,729 in September 2008).
- Aside from a 2.7 per cent increase in the price of single-family dwellings, the average price of condominiums and duplex/rowhouses decreased from September 2008 to September 2009, at -2.7 and -5 per cent, respectively.
- The average number of days homes sat 'for sale' before being snatched up in September 2009 dropped to 44, only one day more than the average days on market in September 2006, which is considered a boom year in the housing market.

## CALGARY HOME PRICES STABILIZING AS RECOVERY in HOUSING MARKET begins to TAKE HOLD

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 |
| Sep-07 | \$470,888              | 5,562               | 3,106              | 1,064 | 40                 | \$321,614     | 2,235               | 1,315              | 483   | 41                 |
| Sep-08 | \$444,048              | 5,387               | 2,631              | 1,152 | 51                 | \$287,426     | 2,659               | 1,186              | 465   | 54                 |
| Sep-09 | \$459,085              | 3,148               | 1,857              | 1,257 | 40                 | \$290,253     | 1,515               | 940                | 580   | 43                 |

Source: Calgary Real Estate Board

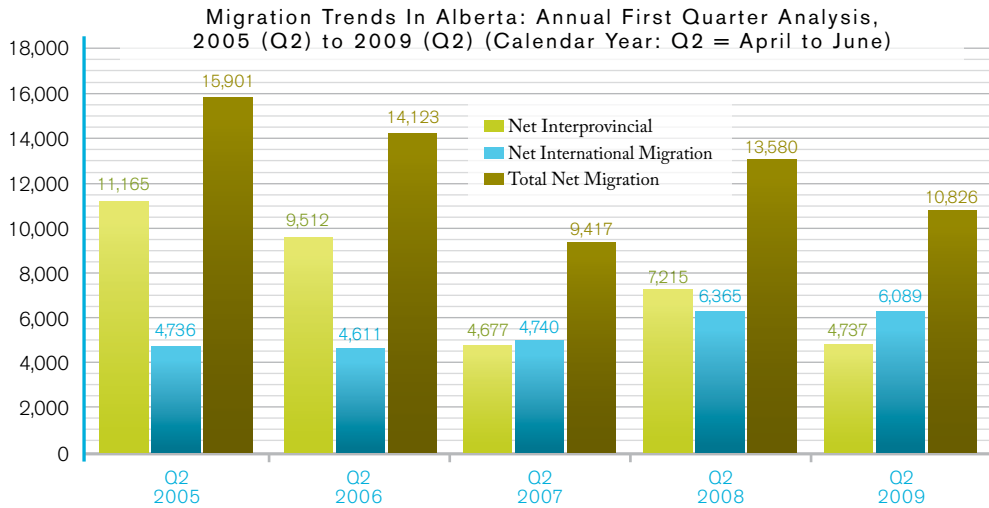
- Single family homes are moving quicker every month, as the number of days on the market has dropped from a high of 62 in January to 40 days in September 2009.
- The average price of a single family home in Calgary increased one per cent from August 2009 to September 2009, and increased 3 per cent from September 2008 to September 2009.
- The average price of a condominium in Calgary increased two per cent from August 2009 and September 2009 and a one per cent increase from September 2008.

(NAL) Historic low mortgage rates sparks surge in sales. (EDMONTON JOURNAL) Historic low

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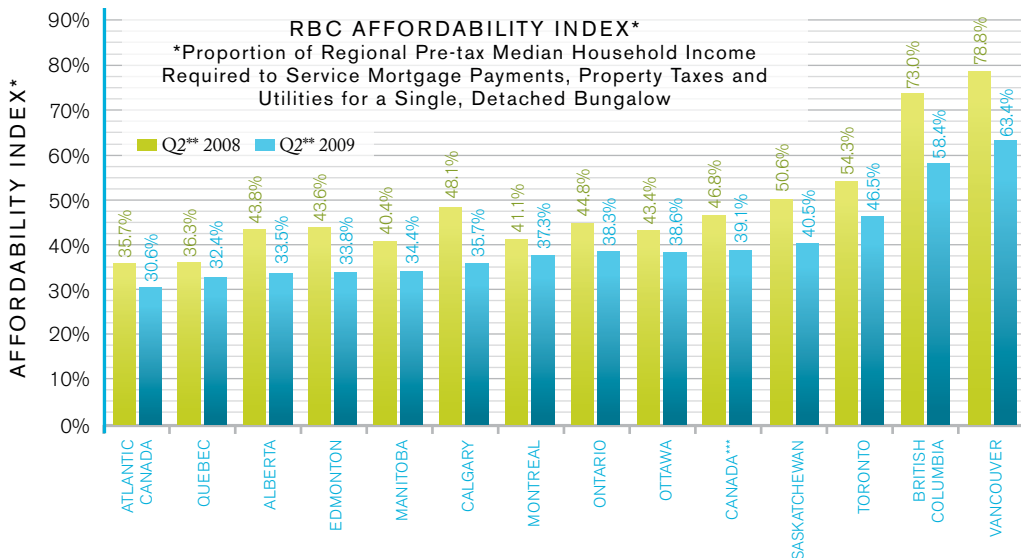
## MORE PEOPLE COMING to ALBERTA FROM OTHER COUNTRIES THAN OTHER PROVINCES



Source: Alberta Finance and Enterprise

- Total net immigration in Alberta from April to June 2009 was 20 per cent less than seen during the same period in 2008.
- The substantial decrease was driven mainly by a 34 per cent drop in interprovincial migration and a 4.3 per cent slide in international migration from April to June 2009 compared to the same three months of 2009.
- Alberta's immigration growth during the second quarter of 2009 (April to June) was driven mainly by people moving to Alberta from other countries rather than other parts of Canada.

## AFFORDABILITY IMPROVED ACROSS the COUNTRY; EDMONTON 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

\*\*\* Population weighted average.

Source: Royal Bank of Canada Economics Research

- The share of household income taken up by the costs of owning a home in Alberta shrank by over 10 percentage points between second quarter of 2008 (43.8 per cent) and second quarter 2009 (33.5 per cent).
- Compared to Canada's other large urban centres, homeownership is more affordable in Edmonton (33.8 per cent) than Calgary (35.7 per cent), Montreal (37.3 per cent), Ottawa (38.6 per cent), Toronto (46.5 per cent) and Vancouver (63.4 per cent) in second quarter 2009.
- The proportion of net household income required to maintain a single detached bungalow in Calgary fell nearly 26 per cent from second quarter 2008 (48.1 per cent) to second quarter 2009 (35.7 per cent).

ISE) Alberta's Interprovincial Migration Gains Down in Second Quarter 2009, but Still the Highest in Canada. (ALBERTA FINANCE AND ENTERPRISE) Alberta's Interprovincial Migration

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