

RELEASE

FOR IMMEDIATE RELEASE**Improvement to Prairie housing markets to continue into 2010**

Calgary, November 02, 2009 – According to Canada Mortgage and Housing Corporation's (CMHC) fourth quarter 2009 *Housing Market Outlook, Prairies Highlights* report released today, total housing starts in the three Prairie Provinces are showing evidence of improving and are expected to rise by more than 20 per cent in 2010.

“Favourable conditions in recent months, including low mortgage rates, inventory reductions, and price stabilization, have allowed potential homebuyers in the Prairies to re-enter the market,” noted Lai Sing Louie, CMHC's Regional Economist for the Prairie Region. “As a result, the fourth quarter outlook is more optimistic than our previous forecast, with existing home sales and housing starts across the Prairies revised upward in both 2009 and 2010,” he added.

The outlook for single-detached construction in Alberta has improved thanks to increased demand, declining inventory, and less competition from the resale market. The second half of 2009 will see strong production gains from the pace experienced during the first half of the year. This momentum will continue in 2010 with an impressive gain in single-detached construction, but will still be below the preceding ten-year average.

In 2009, multi-family builders in Alberta focused on reducing supply, resulting in a sharp reduction of starts. This has slowed the inventory build-up, with signs that inventory could peak before year-end. After two consecutive years of reductions, multi-family starts will improve in 2010, but still be at a low level compared to recent history. Large gains in multi-family construction will likely be held back until the high-rise apartment condominium market becomes more balanced.

Many resale markets in Alberta moved towards balanced conditions during the second quarter of 2009 as improved affordability, low mortgage rates, and government incentives propelled demand. Double-digit sales declines in the first four months of the year gave way to year-over-year gains from May to September. By year-end, existing home sales will be similar to the annual figure of 2008. In 2010, look for sales to rise with improved economic conditions and relatively low mortgage rates.

A decrease in supply and pick-up in demand has returned many markets in Alberta to balanced conditions with some upward pressure on price. The average price of a resale home bottomed in January 2009 at \$321,655 and averaged \$346,560 in September. Improved market conditions will continue to support price growth moving forward. However, on an annual basis, the average price in 2009 will be lower than in 2008. The price momentum that is currently being experienced will continue into 2010.

In Saskatchewan, single-detached starts will moderate to 2,750 units in 2009 but return to growth in 2010 with an 11 per cent gain, reaching 3,050 units. A reduction in single housing starts and steady absorptions have significantly lowered supply, setting the stage for an upswing in 2010. Modest price gains compared to recent years and in some cases, price reductions, are also helping to encourage demand.

Meanwhile, Saskatchewan's multi-family starts will decline to 850 units in 2009. Supply will have been reduced enough to see an upturn in 2010, with 1,300 starts expected. Although the reduction in starts has served to reduce supplies in Saskatoon, Regina has seen an increase in multi-family activity and an increase in supply. Thus, the growth of multi-family starts will be muted in Regina in 2010.

In the resale market, Saskatchewan will experience an increase in sales this year with a one per cent gain over the 2008 total. Home buyers returned to the market in the third quarter, drawn by low mortgage rates, slower price increases, and an abundance of choice. A stronger economy in 2010 will result in total sales of 10,950 units, a 6.3 per cent increase over 2009.

There will be a gain in average price in 2009 and 2010, but far below the double-digit increases Saskatchewan experienced in 2007 and 2008. Although the inventory of active listings is trending down in Saskatchewan's largest centres, a generous supply of listings still remains, encouraging more competition between sellers. This will ensure moderate price increases going forward. The average price is projected to rise by 2.1 per cent in 2010.

In Manitoba, single-detached starts will finish 2009 down 20 per cent, reaching 2,950 units. Inventories of existing homes will decline over the balance of 2009 and will support stronger single-detached construction next year. Continued low interest rates and improving economic conditions will increase demand for new housing in 2010 by almost 14 per cent to 3,350 units.

Inventory of multi-family units in Manitoba peaked in the spring of this year and this will allow new construction to expand in 2010. A persistently low vacancy rate across the province will also spur rental construction next year. Condominium construction, however, will remain subdued for the remainder of 2009 as inventory levels moderate. Multi-family starts in 2009 are projected to decrease by over 40 per cent year-over-year.

Resale transactions in Manitoba have moved up over the course of 2009 and market balance has improved following a weak first quarter. In spite of the recent strength, annual sales will decline by 5.7 per cent in 2009. The historically high population growth rate will buoy the resale market for the remainder of 2009 and sales are expected to increase by 3.5 per cent in 2010.

A decline in new listings combined with rising sales has put some upward pressure on Manitoba's resale prices. The average resale price will rise six per cent to \$201,600 in 2009. In 2010, price growth will remain ahead of inflation as the average price is projected to rise by three per cent.

As Canada's national housing agency, CMHC draws on more than 60 years of experience to help Canadians access a variety of quality, environmentally sustainable and affordable homes. CMHC also provides reliable, impartial and up-to-date housing market reports, analysis and knowledge to support and assist consumers and the housing industry in making vital decisions. For more information, visit www.cmhc.ca or call 1-800-668-2642.

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The *Housing Market Outlook, Prairies Highlights* and *Housing Market Outlook, Canada* reports are available free of charge on the CMHC Web site: <http://www.cmhc-schl.gc.ca>

Total Housing Starts	2007	2008	2009	2010
			Forecast	Forecast
Alberta	48,336	29,164	17,950	22,000
Calgary CMA	13,505	11,438	5,550	6,700
Edmonton CMA	14,888	6,615	5,000	6,450
Saskatchewan	6,007	6,828	3,600	4,350
Regina CMA	1,398	1,375	850	950
Saskatoon CMA	2,380	2,319	1,100	1,400
Manitoba	5,738	5,537	4,000	4,800
Winnipeg CMA	3,371	3,009	1,925	2,400
Prairies Region	60,081	41,529	25,550	31,150

Total MLS[®] Sales¹	2007	2008	2009	2010
			Forecast	Forecast
Alberta	71,430	56,399	56,825	61,950
Calgary CMA	32,176	23,136	23,150	25,500
Edmonton CMA	20,427	17,369	18,750	20,500
Saskatchewan	12,054	10,203	10,300	10,950
Regina CMA	3,957	3,338	3,600	3,900
Saskatoon CMA	4,446	3,540	3,700	3,900
Manitoba	13,928	13,525	12,750	13,200
Winnipeg CMA	12,319	11,854	11,125	11,500
Prairies Region	97,412	80,127	79,875	86,100

Average MLS[®] Price (\$)¹	2007	2008	2009	2010
			Forecast	Forecast
Alberta	\$356,235	\$352,856	\$339,000	\$354,000
Calgary CMA	\$414,066	\$405,267	\$384,500	\$403,000
Edmonton CMA	\$338,636	\$332,852	\$322,000	\$333,000
Saskatchewan	\$174,405	\$224,468	\$233,000	\$239,000
Regina CMA	\$165,613	\$229,716	\$245,000	\$255,000
Saskatoon CMA	\$232,755	\$287,803	\$280,000	\$286,000
Manitoba	\$169,189	\$190,296	\$201,600	\$207,600
Winnipeg CMA	\$174,202	\$196,940	\$206,000	\$214,000
Prairies Region	\$306,991	\$309,068	\$303,399	\$316,930

SOURCE: CMHC Housing Market Outlook, Prairies Highlights, Fourth Quarter 2009.

¹ The term MLS[®] stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

The forecasts included in this document are based on information available as of October 1, 2009.