

# RELEASE

## FOR IMMEDIATE RELEASE

### Prairie housing starts rebound in 2010 with moderated growth in 2011

**Calgary, May 19, 2010** – According to Canada Mortgage and Housing Corporation's (CMHC) second quarter 2010 *Housing Market Outlook, Prairies Highlights* report released today, total housing starts in the three Prairie Provinces are forecasted to rebound strongly in 2010 and climb further next year. "A brighter economic outlook, increased demand, and inventory replenishment will push housing starts considerably higher this year," noted Lai Sing Louie, CMHC's Regional Economist for the Prairie Region. "Housing starts will rise further in 2011 but at a moderated growth rate, as rising home prices, more prudent lending practices, and higher mortgage rates slow the gain in demand," he added.

After two years of decline, single-detached starts in Alberta will experience significant growth in 2010 as builders respond to rising demand and lower inventories. The inventory of complete and unoccupied units peaked in early 2009. Since then, inventory has declined for 12 consecutive months to approximately 1,100 units, a level representative of inventories prior to its build-up. "Relatively low mortgage rates in 2010 and move-up buying will also help construction activity," noted Louie. Starts will move higher in 2011 with the expanding economy.

Multi-family starts in Alberta will continue to be held back by a muted level of high rise apartment condominium construction. "The number of complete and unoccupied multi-family units remains elevated, but a peak should soon arrive with inventory levels expected to gradually move lower over the forecast period," said Louie. After a sharp reduction in multi-family starts last year, activity will increase in 2010 but remain historically low. The recovery of multi-family starts will continue in 2011, supported by declining inventory levels.

Alberta homebuyers responded to low mortgage rates and an improved economic outlook by rapidly increasing resale volumes in early 2010. Some demand has been brought forward by those consumers wanting to take advantage of current market conditions. "The pace of sales over the balance of 2010 is not expected to be as strong with more conservative lending practices implemented during the second quarter and financing costs edging higher," claimed Louie. By year-end, resale volumes in 2010 will be similar to the annual volumes in 2009, with single-digit growth in 2011.

The resale price growth experienced in Alberta during the first quarter of 2010 will moderate moving forward. The upswing in prices is providing opportunity for sellers and this will encourage more listings. Rising listings will moderate price growth and by year-end, the average resale price is projected to be higher by almost four per cent. This will be followed by gains of over three per cent in 2011.

In Saskatchewan, single-detached starts will increase over the forecast period. "Low mortgage rates, as well as a moderation in the pace of price increases have combined to strengthen demand for new homes," said Louie. Going into 2011, the economic expansion and buoyant labour market will further shore-up demand. However, some of those gains will be offset by a combination of higher mortgage rates and increased competition from the resale market. In line with this, expect to see single-detached starts climb to 3,400 in 2010, before rising again to 3,650 units in 2011.

Multi-family starts in Saskatchewan will rise modestly in 2010, reaching 1,250 units and then increase in 2011 to 1,350 units. The share of starts outside of the province's two largest centres will be historically high in 2010 as concerns over rising inventories in the larger centres and elevated levels of migration to

Saskatchewan's smaller markets create a strong draw for multi-family units. The province's larger centres will regain a larger share of activity in 2011 as inventories decrease gradually through 2010.

The slower pace of resale price increases in Saskatchewan coupled with historically low mortgage rates have improved affordability and stimulated existing home demand. Over the forecast period, the province's economic recovery will become more firmly entrenched. "This will result in rising incomes, which should continue to draw in new migrants and support a higher level of resales in 2010 and in 2011," claimed Louie.

The average MLS® price in Saskatchewan will increase by 2.4 per cent to 239,300 in 2010 and then increase by 3.3 per cent to over 247,000 in 2011. Regina will see a larger price increase of 4.5 per cent in 2010 and 3.9 per cent in 2011. The number of available homes on the resale market will move higher and this will keep price growth in the single digits.

With demand rebounding in Manitoba after last year's economic downturn, provincial home builders will enjoy higher levels of single-detached construction in 2010. "A more buoyant economy will help support the new home sector over the next two years, though 2010 will see the largest gain as production expands in response to lower inventory levels and fewer active listings in the competing resale market," said Louie. Next year will see a more modest gain in starts, as higher mortgage rates slow the increase in demand.

After a sharp reduction in starts last year, multi-family construction in Manitoba is on pace to move higher in 2010. This year's strong performance will be due to heightened rental apartment construction in Winnipeg. Persistently low vacancy rates and incentives for new units support many of these rental starts, though projects targeted to low income groups will also play a role. Rising housing costs and a low volume of inventory will maintain similar levels of multi-family construction in 2011.

In Manitoba, the pace of existing home sales will moderate through the latter half of 2010 as rising mortgage rates and house prices begin to hamper affordability. Nonetheless, the strong sales pace at the beginning of the year will push 2010 activity above last year's level. "Existing sales will average nearly 13,500 units during the next few years, close to the strongest two-year average on record, noted Louie.

A shortage of active listings relative to sales will boost average resale prices in Manitoba by over five per cent in 2010. This year's rise in home prices will lead to an increasing supply of new listings in the existing home market, especially in Winnipeg. This should encourage a return to balanced market conditions by 2011 and a rate of price growth more in line with inflation.

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](http://www.cmhc.ca) or call 1-800-668-2642.

CMHC Market Analysis standard reports are also available free for download at <http://www.cmhc.ca/housingmarketinformation>.

-30-

**Information on this release:**  
Lai Sing Louie, Regional Economist  
Market Analysis, CMHC  
(403) 515-2991, [llouie@cmhc.ca](mailto:llouie@cmhc.ca)

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>

<b>Total Housing Starts</b>	<b>2008</b>	<b>2009</b>	<b>2010 Forecast</b>	<b>2011 Forecast</b>
Alberta	29,164	20,298	28,100	32,400
Calgary CMA	11,438	6,318	8,800	10,300
Edmonton CMA	6,615	6,317	8,600	10,400
Saskatchewan	6,828	3,866	4,650	5,000
Regina CMA	1,375	930	1,000	1,150
Saskatoon CMA	2,319	1,428	1,600	1,850
Manitoba	5,537	4,174	4,800	4,900
Winnipeg CMA	3,009	2,033	2,600	2,650
Prairies Region	41,529	28,338	37,550	42,300

<b>Total MLS® Sales<sup>1</sup></b>	<b>2008</b>	<b>2009</b>	<b>2010 Forecast</b>	<b>2010 Forecast</b>
Alberta	56,399	57,786	58,100	60,700
Calgary CMA	23,136	24,880	25,000	26,000
Edmonton CMA	17,369	19,139	19,250	20,000
Saskatchewan	10,203	10,856	11,150	11,550
Regina CMA	3,338	3,704	3,800	3,900
Saskatoon CMA	3,540	3,834	3,900	4,100
Manitoba	13,525	13,086	13,500	13,800
Winnipeg CMA	11,854	11,509	12,000	12,250
Prairies Region	80,127	81,728	82,750	86,050

<b>Average MLS® Price (\$)¹</b>	<b>2008</b>	<b>2009</b>	<b>2010 Forecast</b>	<b>2010 Forecast</b>
Alberta	\$352,856	\$341,201	\$354,100	\$365,700
Calgary CMA	\$405,268	\$385,882	\$403,000	\$418,000
Edmonton CMA	\$332,852	\$320,378	\$333,000	\$345,000
Saskatchewan	\$224,468	\$233,696	\$239,250	\$247,300
Regina CMA	\$229,716	\$244,088	\$255,000	\$265,000
Saskatoon CMA	\$287,803	\$278,895	\$285,000	\$295,000
Manitoba	\$190,296	\$201,343	\$215,500	\$222,300
Winnipeg CMA	\$196,940	\$207,342	\$222,000	\$230,000
Prairies Region	\$309,068	\$304,527	\$316,224	\$326,811

SOURCE: CMHC Housing Market Outlook, Prairies Highlights, Second Quarter 2010.

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