

RELEASE

FOR IMMEDIATE RELEASE

Prairie housing starts and existing home sales to rise in 2012

Calgary, November 4, 2011 – According to Canada Mortgage and Housing Corporation’s (CMHC) fourth quarter 2011 *Housing Market Outlook, Prairies Highlights* report released today, housing starts in the Prairies are on pace to reach 37,000 units in 2011, about four per cent below the level of production in 2010. In 2012, Prairie housing starts will grow by over nine per cent to 40,700 units, the highest level since 2008. “Elevated migration levels, continued job growth, and low mortgage rates will help lift new home construction next year,” said Lai Sing Louie, CMHC’s Regional Economist for the Prairie and Territories Region.

In Alberta, builders have been cautiously expanding production this year due in part to a higher volume of complete and unabsorbed units. Single-detached starts are projected to decline nearly eleven per cent in 2011, as builders mitigate the risk of rising inventories. Demand for single-detached homes will improve with a growing economy and job creation. In 2012, single-detached starts are expected to rise by over 15 per cent to 18,400 units.

Multi-family starts in Alberta continue to move higher from the low during the economic downturn in 2009. Some previously halted high rise apartment projects are beginning to resume activity, while condominium projects are competing more strongly with the resale market. After a slow start to this year, the pace of multi-family starts has picked-up and is expected to edge past last year’s level. In 2012, demand is expected to improve with rising incomes and new household formation, increasing multi-family production to 10,800 units.

Low mortgage rates, combined with higher migration and job creation, have lifted the demand for resale homes in Alberta this year. The number of MLS® sales in Alberta is projected to increase by nearly six per cent in 2011 to 52,800 units. Low mortgage rates and further gains in migration are expected to support resale transactions in 2012. Next year, MLS® sales are projected to rise to 53,900 units.

Most of Alberta’s major urban resale markets remain in buyers’ market conditions as listings remain elevated relative to sales. As a result, the average resale price in 2011 is expected to rise fractionally above last year’s average, with much of the price movement attributed to compositional effects. As Alberta’s economy grows and generates employment, more migrants will help improve market balance. The average resale price in Alberta is projected to increase by about two per cent in 2012 to \$362,700.

In Saskatchewan, provincial homebuilders have increased construction of single-detached homes in 2011, building upon last year’s strong performance. Fuelled by an elevated pace of migration, single-detached starts are projected to rise by almost six per cent in 2011 to 4,050 units. In 2012, buoyed by Saskatchewan’s expanding population and growing economy, provincial homebuilders will start 4,000 units. Though down slightly from the previous year, single-detached starts in Saskatchewan will remain high by historical standards.

Multi-family starts in Saskatchewan are expected to remain elevated as provincial builders initiate 2,350 units in 2011. Rental apartment construction will help maintain elevated production. Demand for multi-family units will also be supported by the inflow of migrants, attracted by employment prospects. Nevertheless, consecutive years of elevated production and increased supply will provide the impetus for a moderation in multi-unit starts next year to 2,000 units.

In Saskatchewan, low mortgage rates and increased household formation are also supporting the demand for resale homes. Resale transactions in Saskatchewan will increase by about six per cent this year, rising to 11,500 units. Increased job and wage growth over the balance of the forecast period will increase resale activity to 11,700 units in 2012.

The increase in Saskatchewan's MLS® sales in 2011 will fuel an estimated six per cent increase in the average price of a resale home to \$256,000. Next year, resale price growth will moderate, constrained by a combination of new and existing home supply. Expect prices to rise by about two per cent to \$261,000.

In Manitoba, provincial single-detached housing starts will finish 2011 almost eight per cent behind the peak set in 2010. While demand remains driven by continued gains in population, wage growth, and steady employment, parts of the province were affected by flooding which curtailed building activity for part of this year. Activity in these areas will be carried forward into the next year as builders strive to catch up and start 3,700 units in 2012.

After a 23-year high for multi-family starts in Manitoba in 2010, builders eased production in 2011. Despite the high level of construction in the last few years, inventory levels remain in check as units are absorbed quickly in both the rental and condominium markets. Manitoba continues to post low vacancy rates, which will help multi-family builders maintain the current pace of 1,800 units in 2012.

MLS® sales in Manitoba will climb to 13,600 units in 2011. Demand driven by Manitoba's population gains will be somewhat offset by moderate job growth. Listings in the province's largest market of Winnipeg remain historically low, restricting choice for would-be buyers. Recent price gains will encourage more owners to list their homes, offering much needed supply to the market. However, the same price gains will also slow demand among first time buyers. On balance, the above conditions will result in an increase to 13,900 sales in 2012.

Manitoba's resale price gains have moderated in 2011. The upward pressure on prices will continue to ease over the forecast period as the number of listings increases. Following a 10 per cent gain last year, expect price growth of over four per cent in 2011 and about two per cent in 2012.

As Canada's national housing agency, CMHC draws on more than 65 years of experience to help Canadians access a variety of quality, environmentally sustainable and affordable housing solutions. 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 informed decisions.

For more information, visit 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

Total Housing Starts	2009	2010	2011	2012
			Forecast	Forecast
Alberta	20,298	27,088	25,325	29,200
Calgary CMA	6,318	9,262	8,500	9,400
Edmonton CMA	6,317	9,959	9,100	10,100
Saskatchewan	3,866	5,907	6,400	6,000
Regina CMA	930	1,347	1,490	1,425
Saskatoon CMA	1,428	2,381	2,800	2,500
Manitoba	4,174	5,888	5,475	5,500
Winnipeg CMA	2,033	3,244	3,250	3,275
Prairies Region	28,338	38,883	37,200	40,700

Total MLS® Sales¹	2009	2010	2011	2012
			Forecast	Forecast
Alberta	57,786	49,722	52,800	53,900
Calgary CMA	24,880	20,996	22,200	22,700
Edmonton CMA	19,139	16,403	16,700	17,200
Saskatchewan	11,095	10,872	11,500	11,700
Regina CMA	3,704	3,581	3,650	3,700
Saskatoon CMA	3,834	3,574	3,850	3,800
Manitoba	13,086	13,164	13,600	13,900
Winnipeg CMA	11,509	11,572	12,000	12,200
Prairies Region	81,967	73,758	77,900	79,500

Average MLS® Price (\$)¹	2009	2010	2011	2012
			Forecast	Forecast
Alberta	\$341,201	\$352,301	\$354,700	\$362,700
Calgary CMA	\$385,882	\$398,764	\$402,000	\$411,000
Edmonton CMA	\$320,378	\$328,803	\$328,000	\$336,000
Saskatchewan	\$232,882	\$242,258	\$256,000	\$261,000
Regina CMA	\$244,088	\$258,023	\$276,000	\$285,000
Saskatoon CMA	\$278,895	\$296,293	\$307,500	\$314,000
Manitoba	\$201,343	\$222,132	\$232,000	\$237,000
Winnipeg CMA	\$207,342	\$228,706	\$241,000	\$250,000
Prairies Region	\$304,211	\$312,849	\$318,708	\$325,755

SOURCE: CMHC Housing Market Outlook, Prairies Highlights, fourth Quarter 2011.

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