

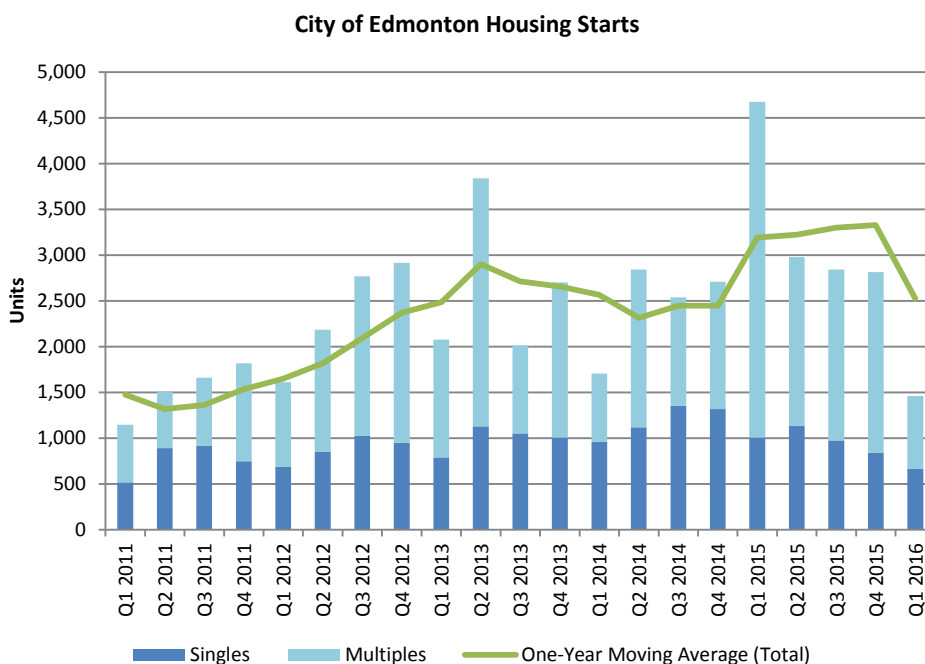
## Edmonton's housing starts drop significantly in Q1 2016

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Total new housing in **Edmonton** decreased in the first quarter (Q1) 2016 from the fourth quarter (Q4) 2015, which now marks the fourth consecutive quarter in which housing starts in Edmonton have decreased.

Builders in **Edmonton** broke ground on a total of 1,463 housing units in Q1 2016—a 48% decrease compared to the 2,814 units started in Q4 2015. Losses were experienced in both single- and multi-family homes with multi-family homes contributing to majority of the loss. In Q1 2016 when compared to Q4 2015, the number of single-family homes was down by 21% while multi-family homes were down by more than 50%.

This downward trend in quarterly housing starts in the city was also observed year over year. In Q1 2015, the city had remarkably strong housing starts with builders breaking ground on 4,675 homes. In Q1 2016, builders broke ground on 1,463 homes, which is a 69% drop in new houses year over year. Again, a drop in new multi-family homes drove the loss in the total number of new homes built in the city with a 78% drop year over year.



Source: Canada Mortgage Housing Corporation

Quarter over quarter, a similar downward trend in new housing was observed at the **Edmonton Census Metropolitan Area (CMA)** level with a 41% decline in new housing from Q4 2015 to Q1 2016. Both multi- and single-family units decreased by 48% and 26% respectively, quarter over quarter.

Year over year, the number of new housing units built in the **Edmonton CMA** decreased by 62%. Multi-family homes were down by 70% while single-family homes down by 38%.

**Q1 2016 Housing Starts – Edmonton City and Edmonton CMA**

	City of Edmonton			Edmonton CMA		
	Single-Detached	Multi-Family	Total	Single-Detached	Multi-Family	Total
<b>Q1 2016</b>	665	798	1,463	878	1,233	2,111
<b>Q4 2015</b>	843	1,971	2,814	1,188	2,363	3,551
<b>Q1 2015</b>	1,006	3,669	4,675	1,422	4,083	5,505
<b>% Change Q4 2015 to Q1 2016</b>	-21.12%	-59.51%	-48.01%	-26.09%	-47.82%	-40.55%
<b>% Change Q1 2015 to Q1 2016</b>	-33.90%	-78.25%	-68.71%	-38.26%	-69.80%	-61.65%

Source: Canada Mortgage Housing Corporation

## Significance

The trend for total housing starts in Q1 2016 for both the Edmonton CMA and the city of Edmonton slowed down and was driven largely by a marked reduction in new multi-family housing. The slowdown in new multi-family units, which reached near record levels in early 2015, is a result of higher vacancy rates and rising new inventory. Meanwhile, single-family homes have been trending downward since Q3 2015 due to rising inventory levels and a high level of supply in the resale market, which has prompted builders to pull back on new starts.

As 2016 progresses, we can expect a continued softening of single- and multi-family homes as the market adjusts to the current economic conditions of the region: low oil prices and lower net migration into the Edmonton metropolitan area due to scarcer job opportunities, rising inventory levels and rising vacancy rates.

## Limitations

While the number of single- and multi-family housing starts does offer an indication of the construction building sector's performance, housing starts are not distributed evenly across quarters and figures can often fluctuate. Therefore, the figures should be interpreted in the context of other economic indicators.

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