

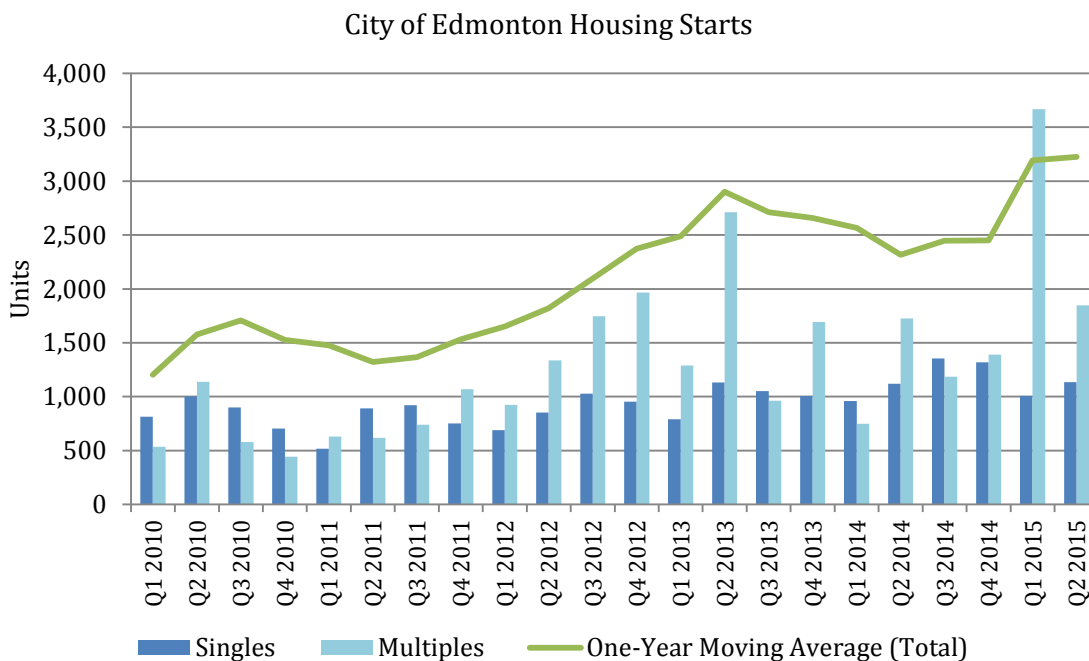
Edmonton sees losses in multi- and single-family construction in Q2 2015

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New housing in the **Edmonton Census Metropolitan Area (CMA)** decreased significantly in the second quarter (Q2) of 2015 following very strong activity levels seen in the first quarter (Q1) of 2015.

Builders in **Edmonton** broke ground on a total of 2,980 housing units in Q2 2015—a 36% decrease when compared to the 4,675 units started in Q1 2015. Multi-family homes drove the loss in housing starts in Q2 2015 with a 50% loss from Q1 2015. Single-family units experienced an increase of 13% in Q2 2015 when compared to Q1 2015; however, this increase was not large enough to offset the 50% decrease in multi-family units.

On an annual basis, new housing unit construction increased by 5%. This gain was mostly driven by multi-family units, which increased by 7% year over year, while single-family units experienced marginal growth of 1% year over year.



Source: Canada Mortgage Housing Corporation

Quarter over quarter, a downward trend in housing units was observed at the **Edmonton CMA** level with a 31% decrease in new housing from Q1 2015 to Q2 2015. Again, multi-family units were a significant driver of the decrease in new housing units. Multi-family units posted a 45% decrease quarter over quarter with new single-family homes increasing modestly by 12%—not enough to offset the decrease in new multi-family homes.

Year over year, there were less new single- and multi-family units being built in the Edmonton CMA level. However, this decrease is quite marginal at 4% due to a downward trend in both new single and multi-family construction.

Second Quarter 2015 Housing Starts – Edmonton City and Edmonton CMA

| | City of Edmonton | | | Edmonton CMA | | |
|------------------------------------|------------------|--------------|---------|-----------------|--------------|---------|
| | Single-Detached | Multi-Family | Total | Single-Detached | Multi-Family | Total |
| Q2 2014 | 1,119 | 1,725 | 2,844 | 1,628 | 2,347 | 3,975 |
| Q1 2015 | 1,006 | 3,669 | 4,675 | 1,422 | 4,083 | 5,505 |
| Q2 2015 | 1,134 | 1,846 | 2,980 | 1,598 | 2,238 | 3,836 |
| % Change Q1 2015 to Q2 2015 | 12.72% | -49.69% | -36.26% | 12.38% | -45.19% | -30.32% |
| % Change Year-over-Year | 1.34% | 7.01% | 4.78% | -1.84% | -4.64% | -3.50% |

Source: Canada Mortgage Housing Corporation

Significance

Housing starts in Q2 2015 for the Edmonton CMA and the city of Edmonton slowed significantly relative to the first quarter's remarkably strong figures. Q1 2015 saw the highest number of multi-family in recent years. This decline in new housing units indicates that the Edmonton region's residential construction sector is returning to a more sustainable level.

As the regional economy slows in reaction to reduced oil prices, migration into the Edmonton metropolitan area will moderate as job opportunities become scarcer. Since much of the demand for new homes in Edmonton and the Edmonton CMA has been driven by in-migration, a reduction in the numbers of people moving into to the region will ultimately lead to slower activity in the residential construction sector than was seen in 2013 and 2014. However, there is considerable demand for housing in the region as rental vacancy rates remain at very low levels. This situation will provide a solid foundation for home sales and housing starts over the remainder of 2015.

Limitations

While the number of single- and multiple-unit 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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