

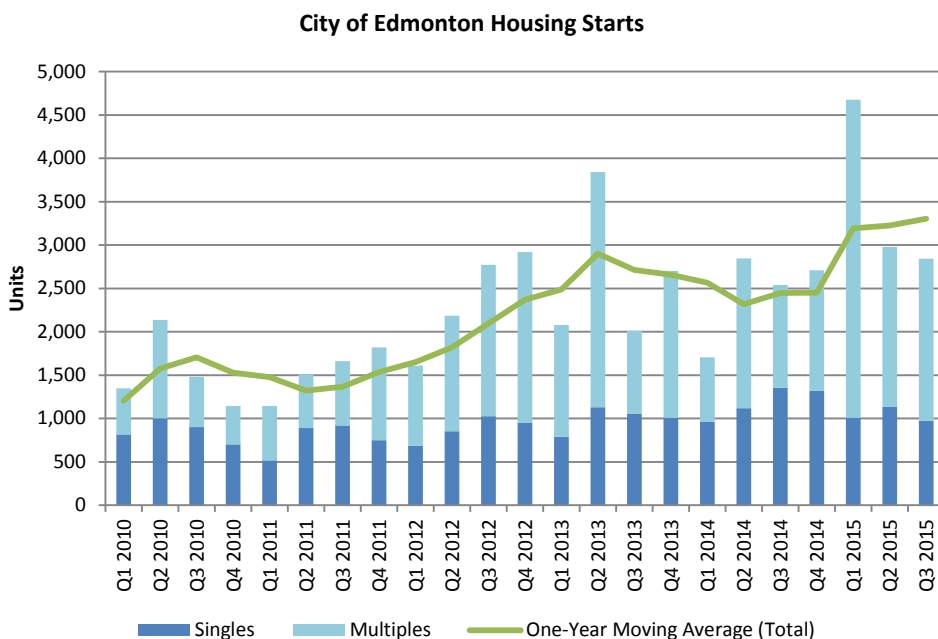
Single-family homes drive the loss in housing starts in Q3 2015

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New housing in **Edmonton** experienced an overall decrease in the third quarter (Q3) of 2015 as compared to the second quarter (Q2) of 2015. Builders in **Edmonton** broke ground on a total of 2,843 housing units in Q3 2015—5% less than the 2,980 units started in Q2 2015.

When compared to Q2 2015, single-family homes experienced a decrease of 14% in Q3 2015 while multi-family homes experienced an increase of 1% in Q3 2015. This increase, however, was not large enough to offset the decrease seen in single-family units.

Even though construction values decreased on a quarterly basis, construction of new housing units in Edmonton increased by 12% on an annual basis. This annual increase was driven by a 58% year-over-year gain in multi-family units, which more than offset the 28% year-over-year decrease in single-family homes.



Source: Canada Mortgage Housing Corporation

Quarter over quarter, an upward trend in housing units was observed at the **Edmonton Census Metropolitan Area (CMA)** level with an 8% increase in new housing from Q2 2015 to Q3 2015. Again, multi-family units were the sole driver of the increase in new housing units. Multi-family

units posted a 20% increase quarter over quarter, which offset the 8% decrease seen in new single-family homes quarter over quarter.

On an annual basis, there was an overall increase of 11% in new housing units built in the Edmonton CMA. Multi-family homes contributed to this increase with a 52% year-over-year gain while single-family homes decreased by 26% year over year. This large gain in multi-family units offset the losses in single-family units leading to an increase in new housing units year over year.

Third Quarter 2015 Housing Starts – Edmonton City and Edmonton CMA

| | City of Edmonton | | | Edmonton CMA | | |
|------------------------------------|------------------|--------------|--------|-----------------|--------------|--------|
| | Single-Detached | Multi-Family | Total | Single-Detached | Multi-Family | Total |
| Q3 2014 | 1,354 | 1,185 | 2,539 | 1,628 | 2,347 | 3,975 |
| Q2 2015 | 1,134 | 1,846 | 2,980 | 1,422 | 4,083 | 5,505 |
| Q3 2015 | 975 | 1,868 | 2,843 | 1,476 | 2,683 | 4,159 |
| % Change Q2 2015 to Q3 2015 | -14.02% | 1.19% | -4.60% | -7.63% | 19.88% | 8.42% |
| % Change Year-over-Year | -27.99% | 57.64% | 11.97% | -25.72% | 52.36% | 10.97% |

Source: Canada Mortgage Housing Corporation

Significance

The broad underlying trend for housing starts in Q3 2015 for both the Edmonton CMA and the city of Edmonton is the increase in multi-family housing units and decrease in single-family units. The demand for multi-family housing is largely driven by recent very strong net in-migration to Edmonton and the CMA.

As the regional economy slows down in reaction to reduced oil prices, migration into the Edmonton metropolitan area will moderate as job opportunities become scarce. A reduction in the number of people moving into the region will ultimately lead to slower than in the past two year's activity in the residential construction sector.

However, there is considerable pent-up 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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