

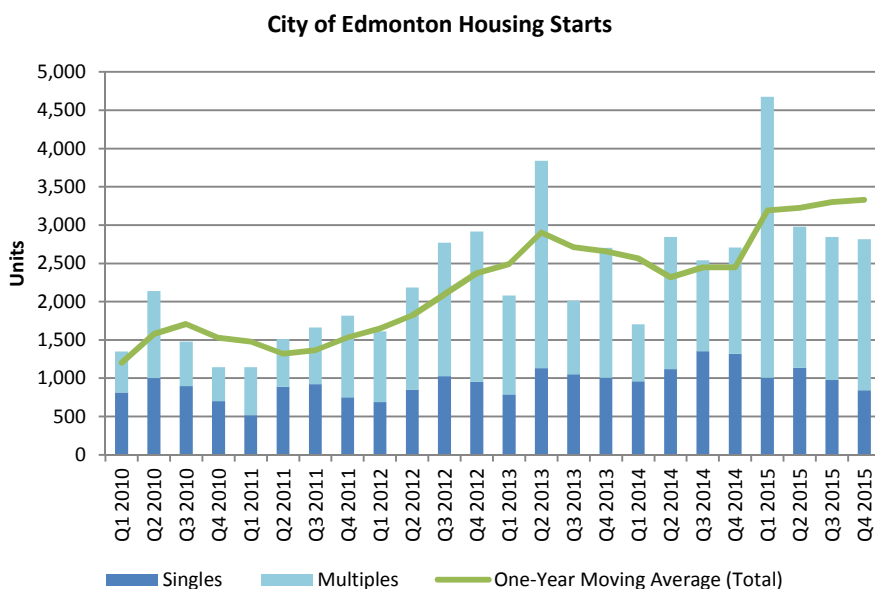
## Edmonton's housing starts continue to slip for third consecutive quarter

January 11, 2015

Total new housing in **Edmonton** decreased in the fourth quarter (Q4) 2015 from the third quarter (Q3) 2015. This marks the third consecutive quarter in which housing starts in Edmonton have slipped.

Builders in **Edmonton** broke ground on a total of 2,814 housing units in Q4 2015—a 1% decrease compared to the 2,843 units started in Q3 2015. Single-family homes drove the loss in housing starts in Q4 2015 with a 14% reduction from Q3 2015. Multi-family homes experienced an increase of 6% in Q4 2015 when compared to Q3 2015; however, this increase was not large enough to offset the 14% decrease in single-family units.

In spite of weak Q4 results, construction on new housing increased by 4% in the city year-over-year. This gain was driven by growth in multi-family units, which increased by 42% year-over-year, while single-family units posted a significant decrease of 36% year-over-year. The large growth in multi-family units offset the decrease in single-family homes.



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 15% decline in new housing from Q3 2015 to Q4 2015. Both multi-family units and single-family units decreased by 12% and 20%, respectively, quarter-over-quarter.

Again, year-over-year, there was an overall decrease of 7% in new housing units built in the **Edmonton CMA**. Multi-family homes increased by 23% year-over-year, however, this was not enough to counteract the 38% fall in single-family homes year-over-year.

**Fourth Quarter 2015 Housing Starts – Edmonton City and Edmonton CMA**

|                                    | City of Edmonton |               |               | Edmonton CMA    |                |                |
|------------------------------------|------------------|---------------|---------------|-----------------|----------------|----------------|
|                                    | Single-Detached  | Multi-Family  | Total         | Single-Detached | Multi-Family   | Total          |
| <b>Q4 2014</b>                     | <b>1,318</b>     | <b>1,391</b>  | <b>2,709</b>  | <b>1,908</b>    | <b>1,926</b>   | <b>3,834</b>   |
| <b>Q3 2015</b>                     | <b>975</b>       | <b>1,868</b>  | <b>2,843</b>  | <b>1,476</b>    | <b>2,683</b>   | <b>4,159</b>   |
| <b>Q4 2015</b>                     | <b>843</b>       | <b>1,971</b>  | <b>2,814</b>  | <b>1,188</b>    | <b>2,363</b>   | <b>3,551</b>   |
| <b>% Change Q3 2015 to Q4 2015</b> | <b>-13.54%</b>   | <b>5.51%</b>  | <b>-1.02%</b> | <b>-19.51%</b>  | <b>-11.93%</b> | <b>-14.62%</b> |
| <b>% Change Year-over-Year</b>     | <b>-36.04%</b>   | <b>41.70%</b> | <b>3.88%</b>  | <b>-37.74%</b>  | <b>22.69%</b>  | <b>-7.38%</b>  |

Source: Canada Mortgage Housing Corporation

## Significance

The broad underlying trend for housing starts in the year 2015 (as well as the fourth quarter of 2015) for both the Edmonton CMA and the City of Edmonton was the increase in multi-family housing units and decrease in single-family units. This demand for multi-family housing is largely driven by recent strong net in-migration to the Edmonton and the CMA.

In 2016, we can expect total housing starts to be softer as the regional economy slows in reaction to reduced oil prices and lower net migration into the Edmonton metropolitan area due to scarcer job opportunities. There will be a continued slowdown in single-family units. Multi-family units, which performed very well in 2015, will also begin to decline due to slower employment growth, lower net migration and rising vacancy rates in the rental market.

## 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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