

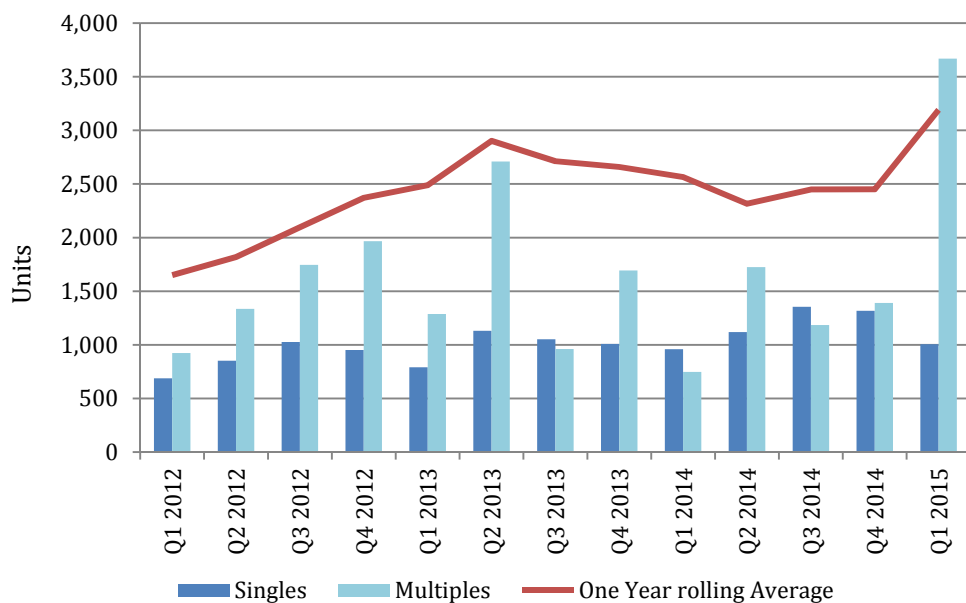
Q1 2015 posts phenomenal results for housing starts in Edmonton

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Construction intentions in the Edmonton Census Metropolitan Area (CMA) continued to grow at a steady pace in the first quarter (Q1) of 2015 following strong activity levels seen in the fourth quarter (Q4) of 2014.

Builders in **Edmonton** broke ground on a total of 4,675 housing units in Q1 2015 – a 73% increase in the number of units compared to the 2,709 units started in Q4 2014. This gain was primarily driven the multi-family sector which increased by 164% from Q4 2014 to Q1 2015. This large gain offset a decrease in single-family units: 24% from Q4 2014 to Q1 2015.

The increase in new housing units in Edmonton is more pronounced on an annual basis with an increase of 174%. This gain was driven by multi-family units, which increased by 391% year over year, while single-family units grew moderately at 5% year over year.



Source: Canada Mortgage Housing Corporation

A similar upward trend in housing units was observed at the **Edmonton CMA** level that saw an annual increase of 138% and a quarter-to-quarter increase of 44%. Again, new multi-family units were a significant driver of increase in new housing units: multi-family units posted a 306%

increase year over year and a 112% increase quarter over quarter. This large increase in multi-family units offset the 26% decrease in single-family unit homes from Q4 2014 to Q1 2015. However, single-family units grew by 9% on a year-to-year basis.

Table 1: First Quarter 2015 Housing Starts – Edmonton CMA and Edmonton

	Edmonton CMA			City of Edmonton		
	Single-Detached	Multi-Family	Total	Single-Detached	Multi-Family	Total
Q1 2014	1,309	1,006	2,315	959	747	1,706
Q4 2014	1,908	1,926	3,834	1,318	1,391	2,709
Q1 2015	1,422	4,083	5,505	1,006	3,669	4,675
<i>% Change Q4 2014 to Q1 2015</i>	-25.5%	112.0%	43.6%	-23.7%	163.8%	72.6%
<i>% Change Year-over-Year</i>	8.6%	305.9%	137.8%	4.9%	391.2%	174.0%

Significance

Housing starts in Q1 2015 for the Edmonton CMA and Edmonton were phenomenal. Q1 2015 saw record-breaking numbers in multi-family units since Q2 2013. The growth in multi-family units will meet the shelter needs of individuals who are migrating into Edmonton for job opportunities. The availability of more multi-family homes will ease the rental vacancy rate, which has tightened dramatically since 2010.

Additionally, construction of new housing units provides employment opportunities. This is evident in the employment gains in the construction sector from Statistics Canada Labour Force Survey. With the growth in housing units, manufacturing supporting industries, which provide materials, also experience an employment boost as evident from the March 2015 Labour Force Survey.

Limitations

The value of building permits provides a glimpse into the performance of the building construction sectors. Building permits indicate an intent to build but do not always result in immediate construction. The value of building permits issued by municipalities also tends to spike periodically. The significance of these trends should be interpreted in the context of other economic indicators.

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