

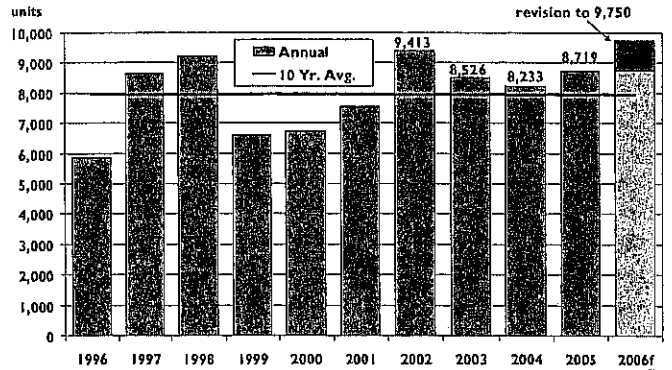
CALGARY CMA ECONOMIC & HOUSING OUTLOOK

RICHARD CORRIVEAU
REGIONAL ECONOMIST
MAY 18, 2006

CMHC SCHL

Calgary CMA Single-Family Starts

Repeat was expected... but new record is now forecast for '06

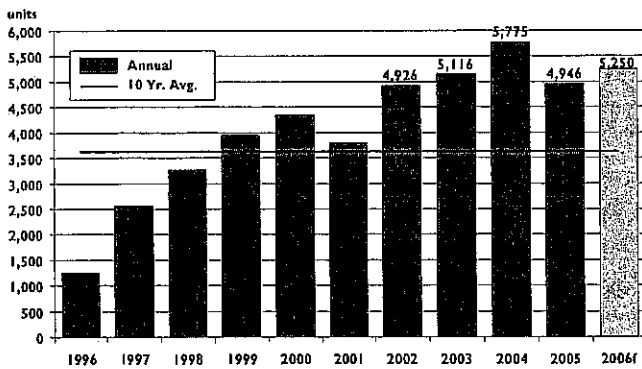


Source: CMHC, CMHC Forecast (f)



Calgary CMA Multi-Family Starts

Appropriate 13% decline... paves the way for stronger '06

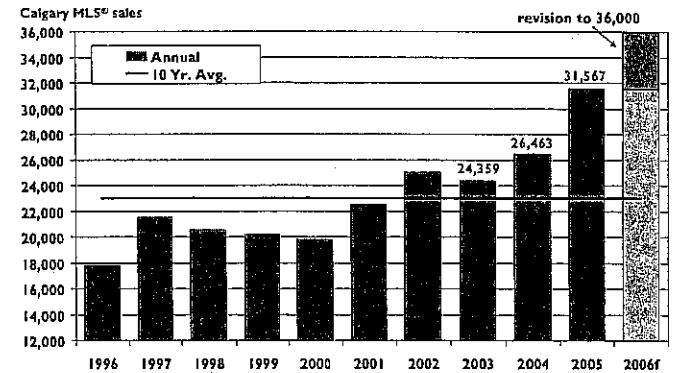


Source: CMHC, CMHC Forecast (f)



Calgary Resale Market (MLS®)

2005's huge record of 31,567 units should have been hard to beat



Source: CREB, CMHC Forecast (f)

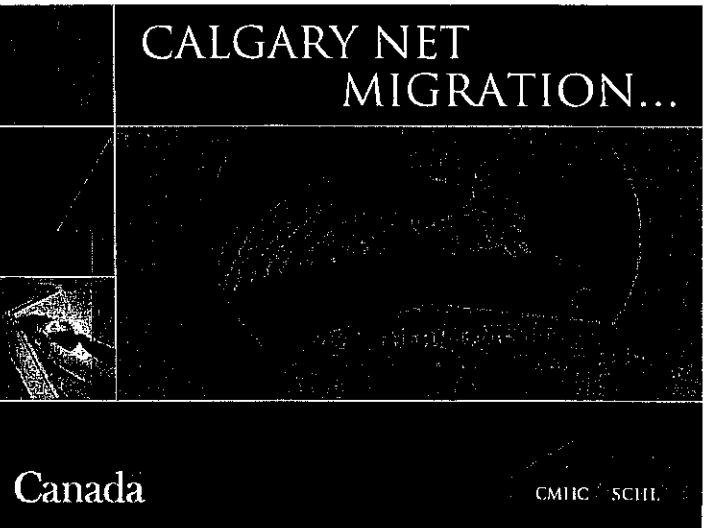


We Will Buck the National Trend

- ✓ Demand is 'Solid as a Rock'
 - Net Migration has strongly recovered
 - Employment growth... quality over quantity
 - Strong wage gains and energy impact will cushion higher prices and mortgage rates
 - Multitude of building permits carried into 2006
- ✓ Supply-Side Issues
 - Single- and multi-family inventory low
 - Severe shortage of resale listings
 - Record price pressure in both new and resale markets
 - Huge competition for labour



CALGARY NET MIGRATION...

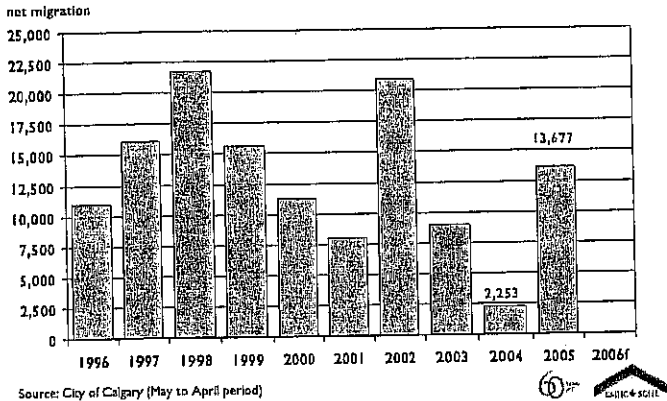


Canada

CMHC SCHL

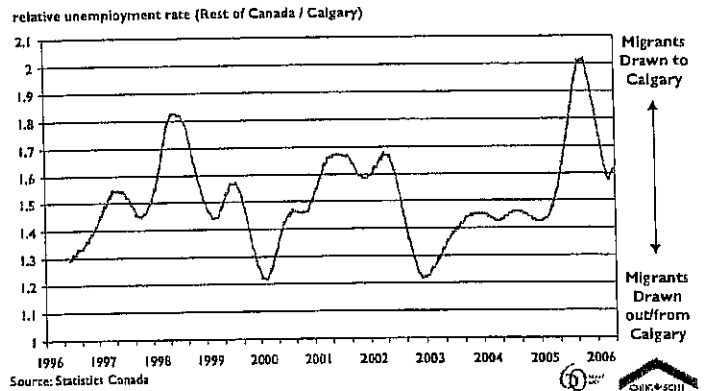
Calgary Net Migration

Up five-fold from 2004's poor performance



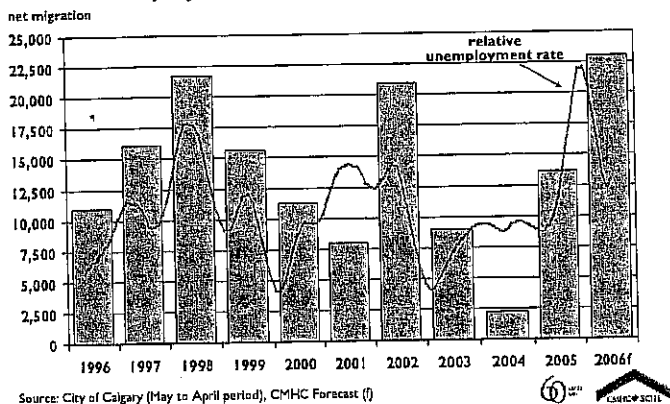
Leading Indicator for Net Migration

Migration depends on relative strength of labour market



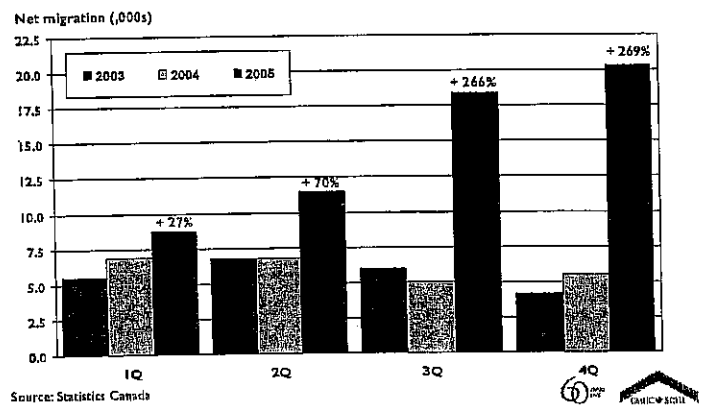
Calgary Net Migration

Relative unemployment rate points to higher migration in 2006



Alberta Net Migration

Province recorded huge gains in third and fourth quarters of 2005



Alberta's Provincial Nominee Program

Human Resources and Employment

Alberta Government

Location: Alberta Government Home > AHRE Home > Immigration

Publications, Media, Working with us, AHRE Quick Links

IMMIGRATION: Immigration Links

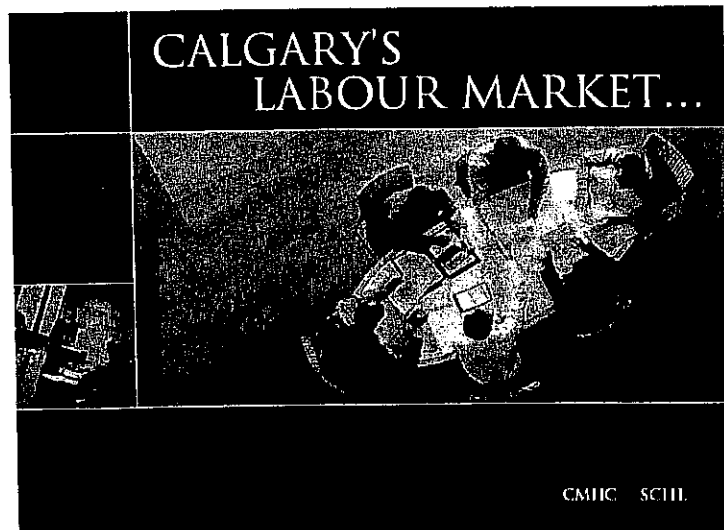
Revised: October 6, 2005

Alberta looks to immigrants to fill skill shortages

A new Alberta policy to attract and retain immigrants will help address skill shortages and support the successful transition of immigrants into Alberta's economic, social and cultural life. The province aims to attract at least 24,000 immigrants to Alberta each year, up from the nearly 16,500 immigrants who moved here in 2004.

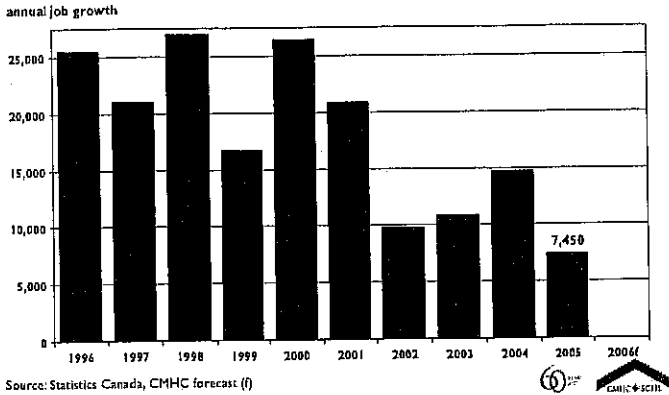
DESTINATION: Overview, Employment & Salaries, Education & Training, & Racial, Immigration Status, Services, Employment Statistics, Publications, Direct Links

CALGARY'S LABOUR MARKET...



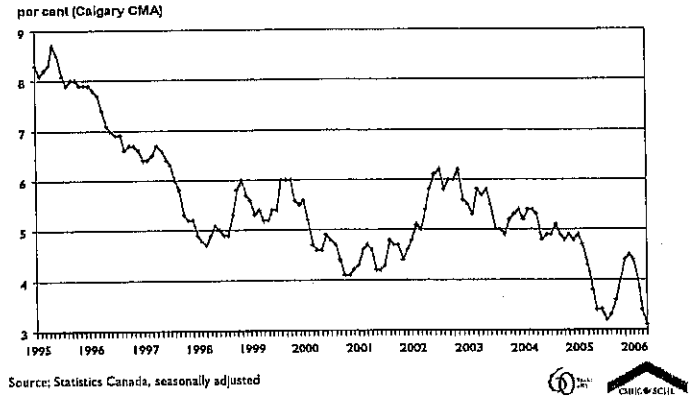
Calgary Employment Growth

Lowest in 12 years, restricted as market is at full-employment



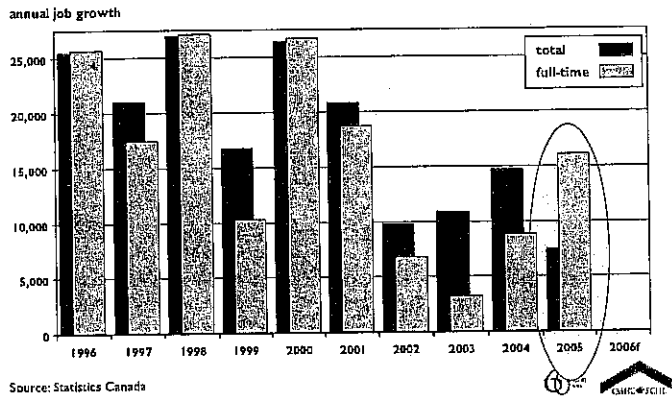
Unemployment Rate Lowest on Record

Labour shortages confirmed by severely tight labour market



Calgary Full-time Employment Growth

Quality over quantity as full-time positions dominate job growth



↓ Losers in '05

- Accommodation and Food Services
- Retail
- 'Other Services'
- Manufacturing

↑ Gainers in '05

- Oil and Gas
- Professional, Scientific, & Technical Services } 5,000 each
- Education and Health Care
- Transportation and Warehousing

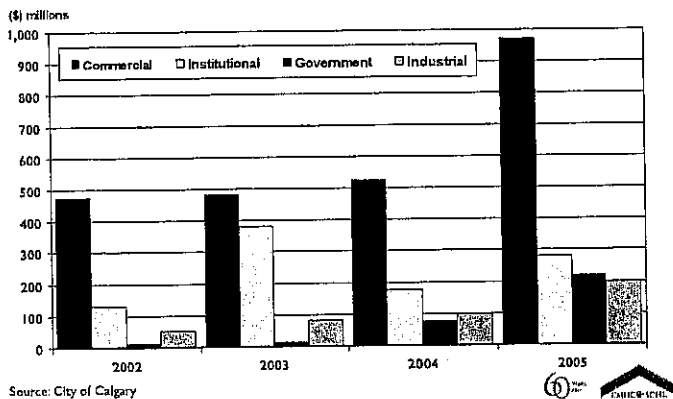
↔ No Change

- Construction

Source: Statistics Canada

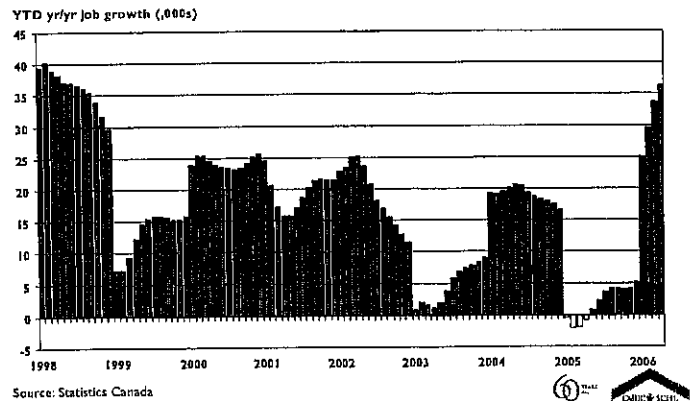
Calgary Non-Residential Permits

At records, resulting in fierce competition for transferable trades



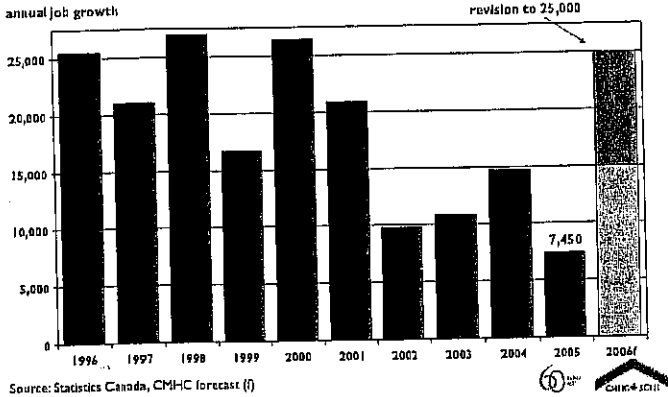
Calgary YTD Yr/Yr Employment Growth

YTD job growth strongest since 1998

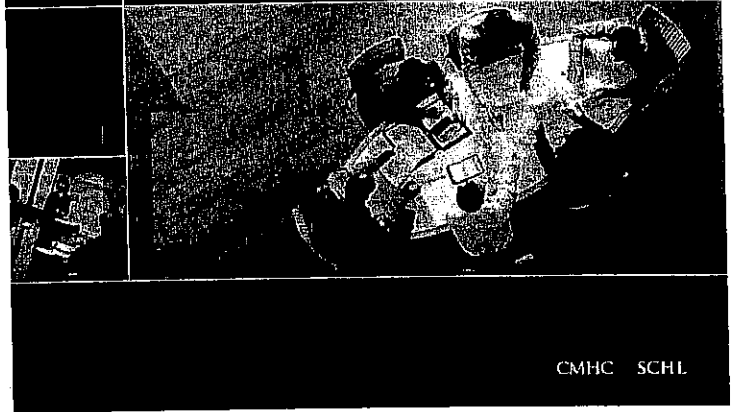


Calgary Employment Growth

Expansion of labour force will contribute to higher job gains

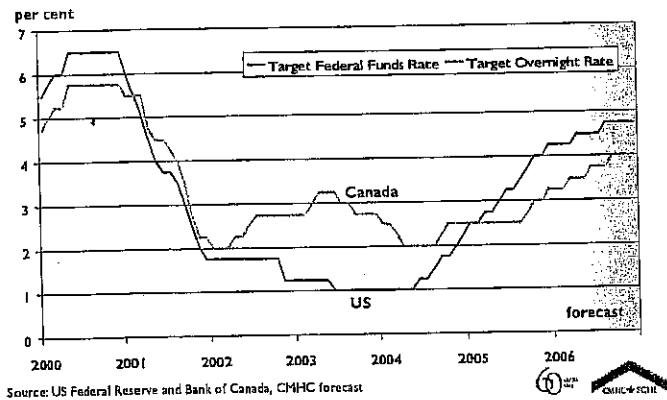


OTHER FACTORS...



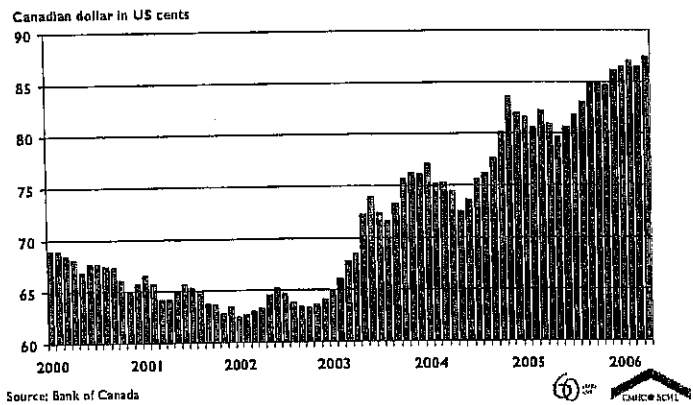
Interest Rate Outlook

Negative rate spread since end of '04, hence less ↑ pressure on C\$



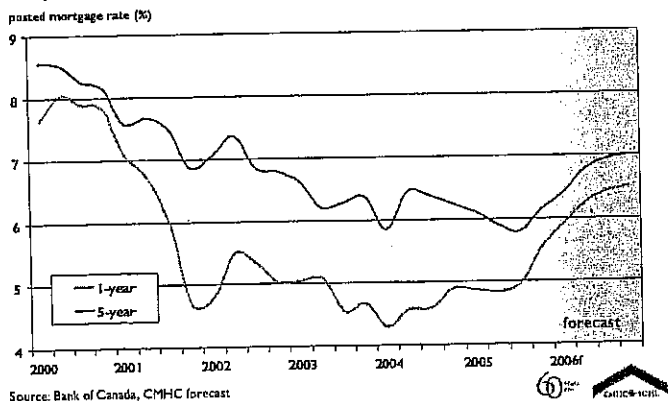
Canada - U.S. \$ Exchange Rate

2002-2004, the rising \$C removed the stimulus from the economy



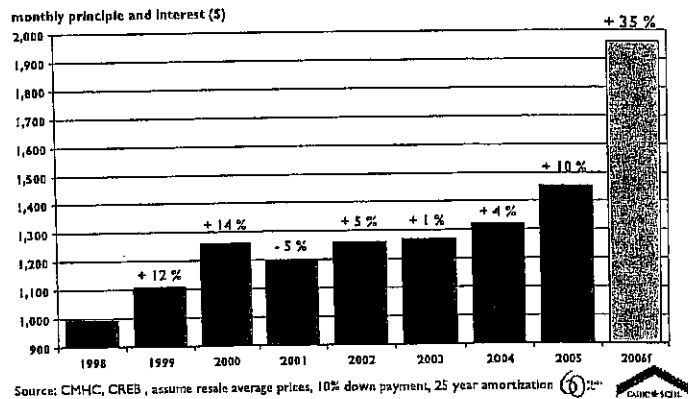
Mortgage Rate Outlook

Despite increases, mortgage rates will remain low through 2006



Impact on Mortgage Payments

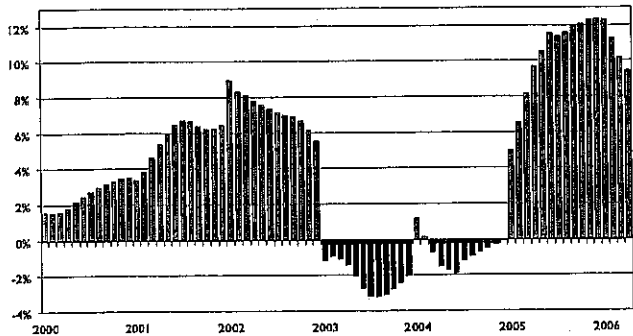
Higher rates and prices boosting the average payment by 35%



Average Weekly Earnings Climb

Record earnings growth cushion higher mortgage carrying costs

Calgary yr/yr (%) change in AWE

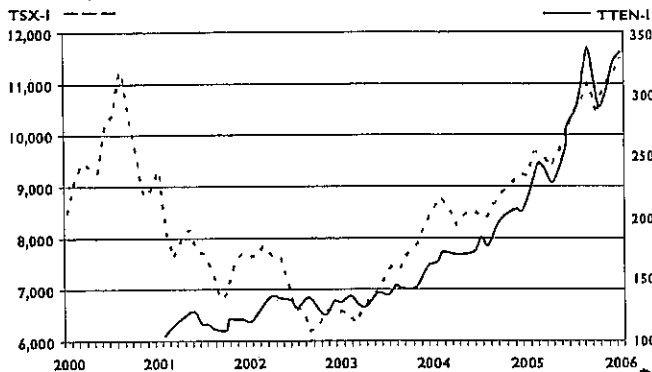


Source: Statistics Canada, seasonally adjusted

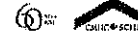


Canadian Stock Indices Did Well in 2005

TSX up 22% in 2005, TSX energy index up a whopping 60%



Source: www.theglobeandmail.com/invest



CALGARY'S RESALE MARKET...



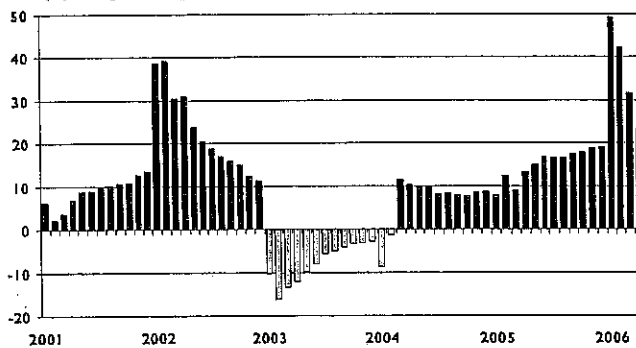
Canada

CMHC SCHL

YTD Yr/Yr Gain in MLS® Sales

Year-to-date sales 23% higher than first four months of 2005

YTD yr/yr change in sales (per cent)

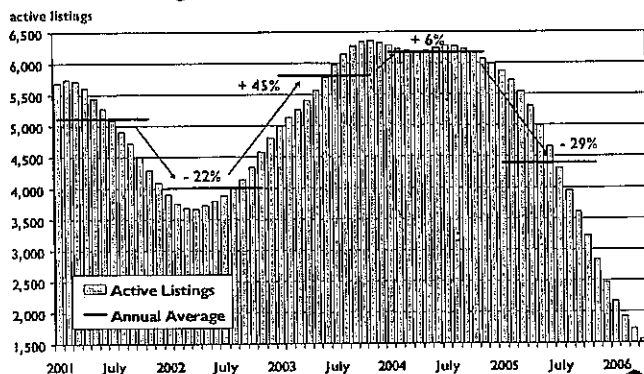


Source: CREB



MLS® Active Resale Listings

Active listings lowest on record, April down 69% yr/yr



Source: CREB, Seasonal Adjustment by CMHC

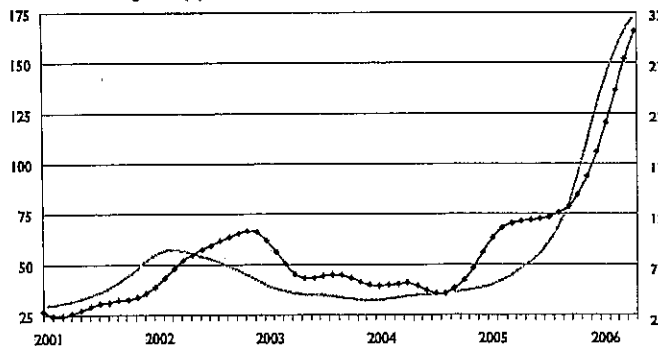


Sales-to-Active Listings Ratio

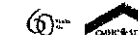
S/L ratio highest on record, points to hefty price growth ahead

sales-to-active listings ratio (%)

yr/yr price change (%)



Source: CREB, Seasonal Adjustment by CMHC



CALGARY'S NEW SINGLE-FAMILY MARKET...

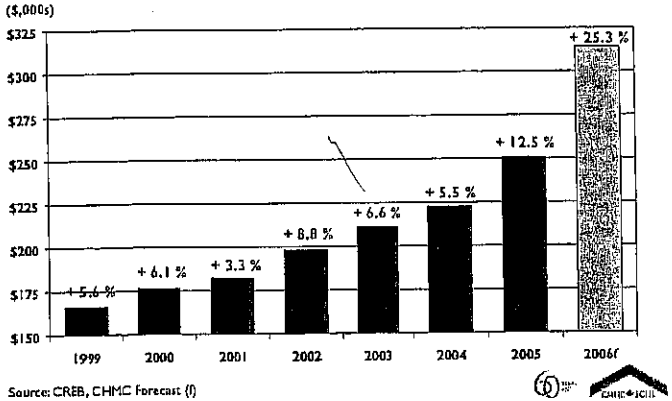


Canada

CMHC SCHL

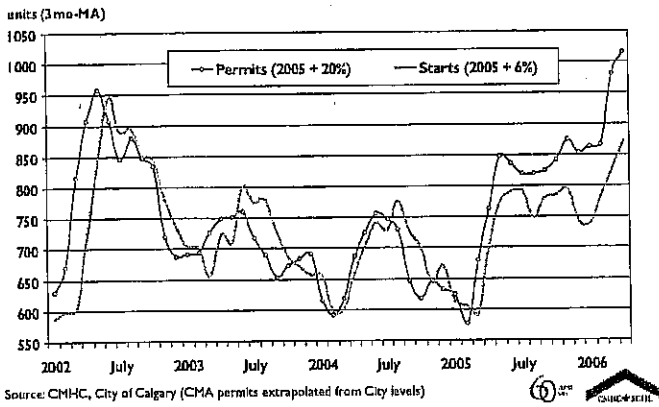
Calgary Average Resale Price

Strongest growth rate on record, prices double in 8 years



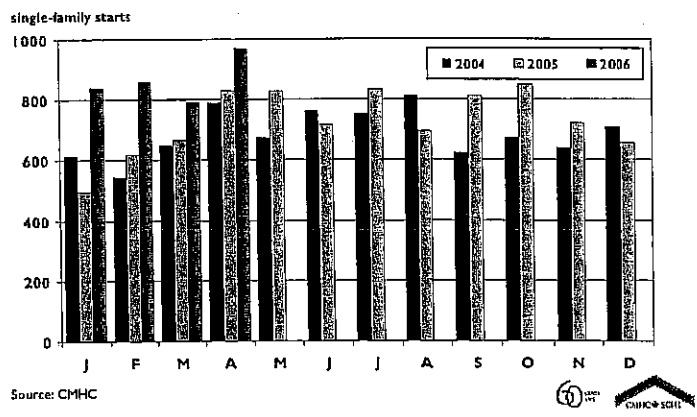
Single-Family Permits vs. Starts

Monthly building permits eclipsed starts for most of 2005



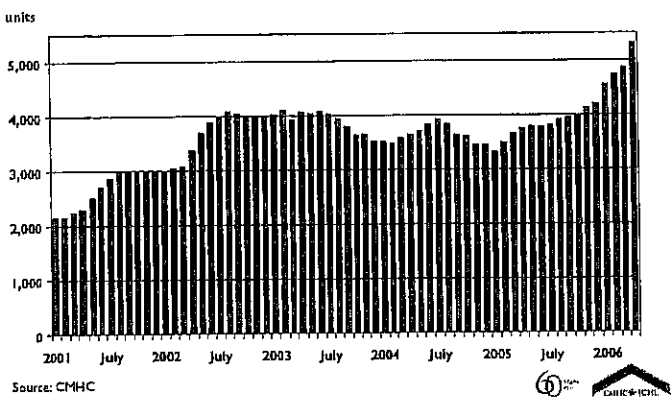
Monthly Single-family Starts

Boosted by warm weather, YTD starts up 32% after four months



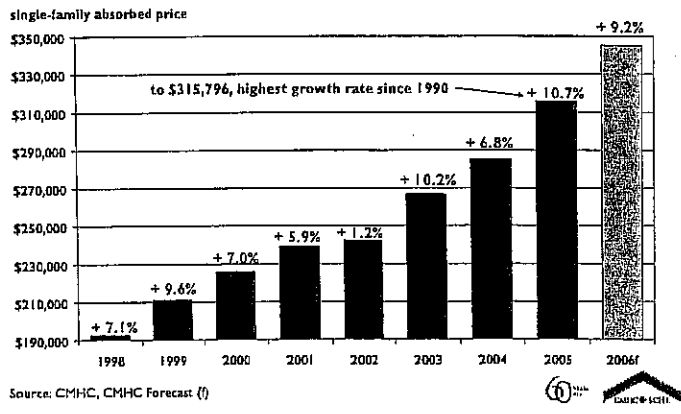
Single-Family Units Under Construction

At a record 5,314 units, under construction up 42 per cent yrlyr



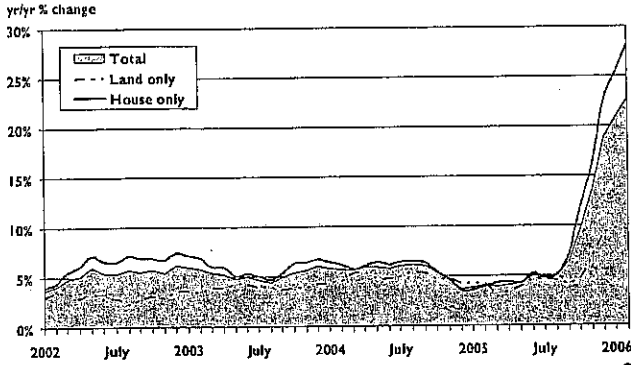
Single-family Average Price

At \$345,000 in '06, average price will double in nine years



Calgary New House Price Index

Leads the country in growth with recent 23% yrlyr gain

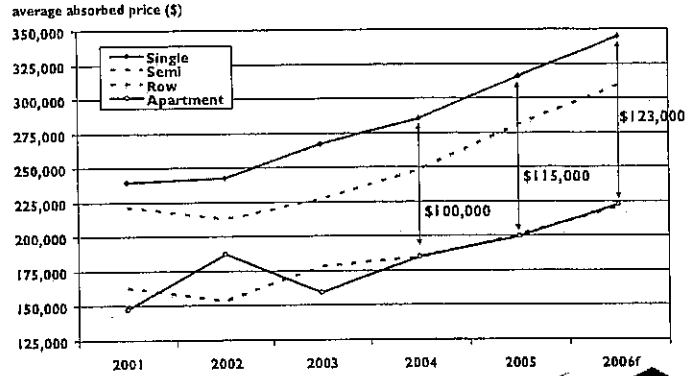


Source: Statistics Canada



Price Gap of New Singles vs. Multis

Row and apartment affordability will ensure their success



Source: CMHC, CMHC forecast



CALGARY'S NEW MULTI-FAMILY MARKET...

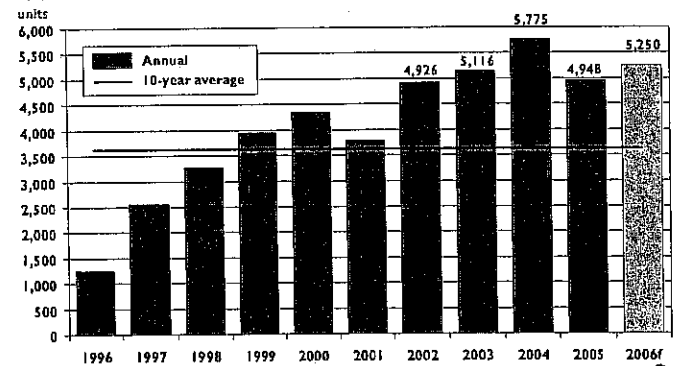


Canada

CMHC SCHL

Calgary CMA Multi-Family Starts

Appropriate 13% decline paves the way for improvement in 2006

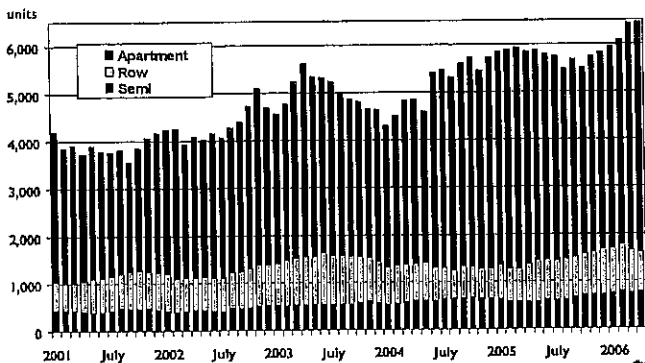


Source: CMHC, CMHC Forecast (f)



Multi-Family Under Construction

At 6,400, under construction reached 23-year high in April

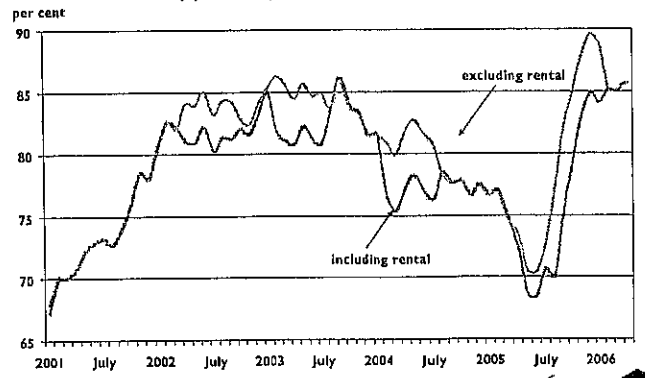


Source: CMHC



% of Multis Absorbed at Completion

Indicator had dropped 16 percentage points in under two years



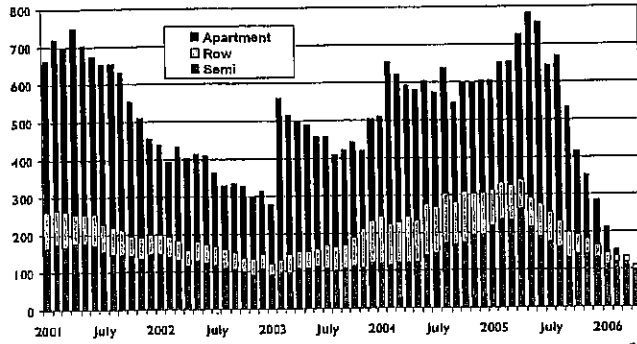
Source: CMHC, 6-month moving average



Multi-Family Inventory

Rows and apartments lowest on record, multis down 85% yrl/yr

complete and unabsorbed units



Source: CMHC

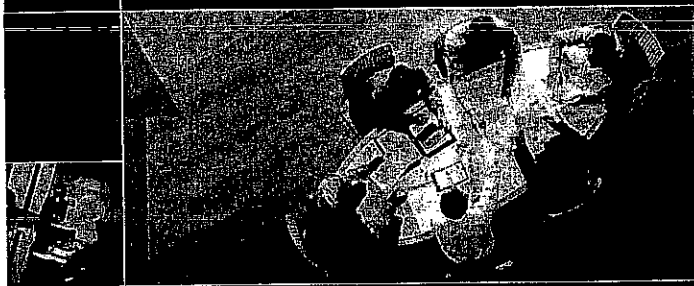


	2003	2004	2005	2006f
Economy				
5-Year Mortgage Rate	6.39%	6.23%	6.00%	6.78%
Employment Growth	10,880	14,770	4,750	25,000
Net Migration	8,965	2,253	13,677	23,000
New Home Market				
Single-Family Starts	8,526	8,233	8,719	9,750
Multi-Family Starts	5,116	5,775	4,948	5,250
Single Average Price	\$267,104	\$285,250	\$315,796	\$345,000
Resale Market ^(*)				
Total Sales*	24,359	26,463	31,567	36,000
Average Price**	\$211,155	\$222,851	\$250,789	\$314,300
Rental Market				
Apt. Vacancy Rate (%)	4.4	4.3	1.6	1.0

*Source: Calgary Real Estate Board, ** Total Residential Forecast: CMHC



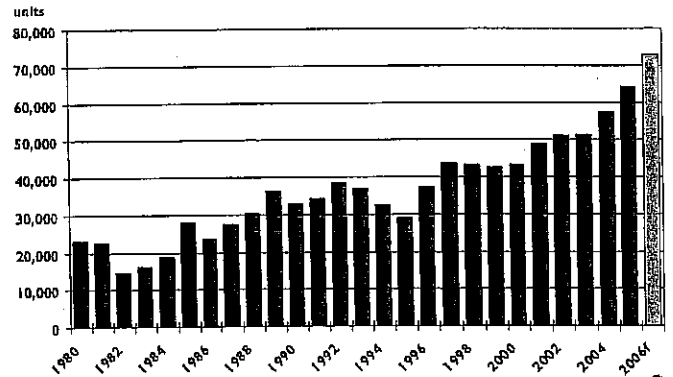
PROVINCIAL OUTLOOK...



CMHC SCITL

Alberta Residential MLS® Sales

New record in 2006 now a foregone conclusion



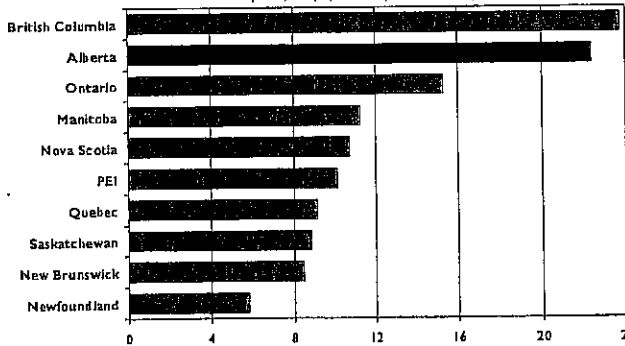
Source: CREA, CMHC Forecast (f)



Canada MLS® Sales Per Capita

Alberta is number two after British Columbia

Sales per 1,000 population (2006 forecast)

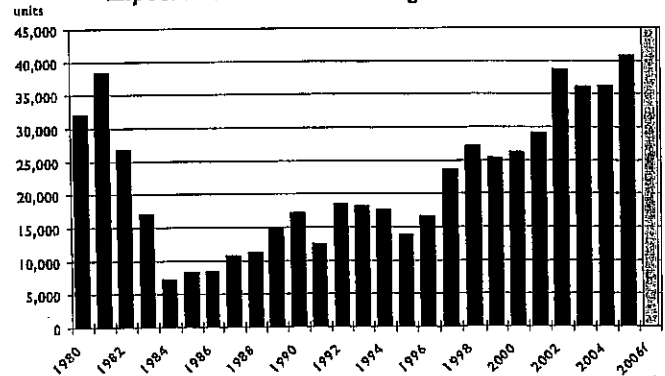


Source: CREA, Statistics Canada, CMHC Forecast (f)



Alberta Total Housing Starts

Expect starts in 2006 to be highest since 1978



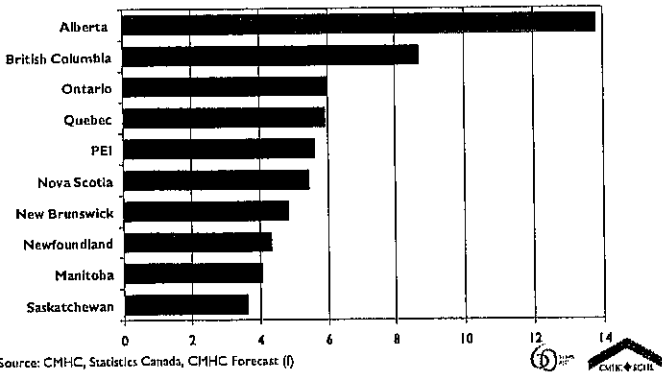
Source: CMHC, CMHC Forecast (f)



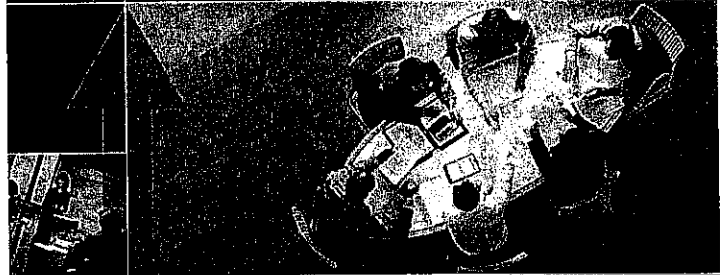
Canada Housing Starts Per Capita

In 2006, Alberta will lead the country for 10th consecutive year

Starts per 1,000 population (2006 forecast)



THANK YOU!



RICHARD CORRIVEAU
REGIONAL ECONOMIST

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CMHC SCHL