



Tuesday » July
11 » 2006

Calgary construction records fall as fast as houses rise

Mario Toneguzzi

Calgary Herald

Tuesday, July 11, 2006

Calgary is expected to set a record this year in the number of housing starts, eclipsing the mark set almost 30 years ago.

Numbers released Tuesday by Canada Mortgage and Housing Corporation show the pace of construction in the Calgary housing market is at a fever pitch with total housing starts 41 per cent higher than the first half of 2005.

Also on Tuesday, Statistics Canada reported that Calgary continued to lead the way in the New Housing Price Index with a monthly increase in May of 5.4 per cent from April. Compared to a year ago, Calgary at 41.3 per cent had the highest increase for new homes.

The federal agency cited "high demand for new housing, higher material and labour costs and increased land values" as factors in the price increases as well as high fuel costs that affected transportation costs.

Richard Corriveau, regional economist for the Prairies and Territories for Canada Mortgage and Housing Corporation, said a record for total housing starts this year in Calgary is "a foregone conclusion."

The record stands at 15,382 units in 1978. Until the end of June this year, local builders started 9,029 units including a whopping 1,889 in June, more than double the volume reported a year earlier.

"Despite escalating construction costs and rising mortgage rates, demand is showing no signs of slowing down," said Corriveau. "With persistent shortages of resale listings and near record levels of net migration and employment growth, it may be some time before the pace of construction declines."

That pace is strong in both the single-family and multi-family markets. Local builders started 948 single-detached units last month, an impressive 32 per cent gain over the previous year. June's construction brings the first-half total to 5,569 single-detached units, 34 per cent higher than the first six months of 2005.

The multi-family market was 375 per cent higher than the previous year with starts, including semi-detached, row and apartment, totaling 941 units, the strongest performance for any month in two years. This pushed activity for the first half to 3,460 units, 55 per cent higher than corresponding levels in 2005.

Corriveau said local builders have "found some capacity at least to dig holes and pour concrete."

"It's been a pretty strong June but bear in mind last June was the weakest month of the year (because of flooding)," said Corriveau.

He said there remains a lot of volatility in the multi-family market with some months recording just over 200 units and some months pushing 1,000 units in new construction.

"A lot of volatility explains how the market can be down 41 per cent after two months and up 55 per cent after six which is absolutely phenomenal," he said. "But this 55 per cent increase after half the year, we don't expect that to prevail by year end but nonetheless new records definitely in the cards."

Nice weather and strong employment gains this year have contributed to the increase.

mtoneguzzi@theherald.canwest.com

CLOSE WINDOW

Copyright © 2006 CanWest Interactive, a division of [CanWest MediaWorks Publications, Inc.](#) All rights reserved.