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Edmonton's housing markets to improve in 2012

Edmonton, November 4, 2011 – Total housing starts in the Edmonton Census Metropolitan Area (CMA) are on pace to reach 9,100 units in 2011, representing a nine per cent decrease from 2010, according to Canada Mortgage and Housing Corporation's (CMHC) Fall 2011 *Edmonton Housing Market Outlook* report released today.

Housing starts next year are forecast to increase by 11 per cent over 2011 activity to 10,100 units, for the best performance since 2007. Improvements in 2012 will be reliant upon rising net migration, continued employment and income growth, lower new home inventories, and a more balanced existing home market," noted Richard Goatcher, CMHC's Senior Market Analyst based in Edmonton.

Due to a slower first half, single-detached starts in Greater Edmonton will decrease this year by 14 per cent from 2010 levels to 5,200 units. Next year, production is expected to improve by 11.5 per cent to 5,800 units, still below the ten-year average of just under 6,200 units started between 2001 and 2010. "This rebound is contingent on a more balanced resale market in 2012 that will help to firm-up prices for existing homes, which in turn should promote more move-up activity," added Goatcher.

Multi-family starts, which include semi-detached, row, and apartment units will total 3,900 units in the Edmonton CMA in 2011, largely unchanged from 2010. Stronger apartment activity, including an upturn of rental units, will counter slower semi-detached and townhouse (row) construction. In 2012, multiple dwelling starts are projected to exceed 4,000 units for the first time since 2008, as declining condominium inventories help bolster the presales needed to finance new buildings.

Residential MLS® sales in the Edmonton region this year will experience modest gains over 2010 and the improving economy will support continued growth in 2012. Sales in 2011 are on pace to reach 16,700 units, for an increase of two per cent over the 16,403 sales recorded in 2010. Given low mortgage rates, strong job growth, and increased net migration, the upswing will continue in 2012. Expect sales to increase three per cent in 2012 to 17,200 units, slightly below the ten-year annual average of close to 18,000 units.

With market conditions largely favouring buyers, the average MLS® residential resale price this year will decrease marginally to \$328,000, down from the \$328,803 annual average recorded in 2010. Conditions should begin to firm up during the later months of 2011 so that prices begin to rise on a month-over-month basis going into the following year. In 2012, a more balanced market will provide some moderate upward momentum for home prices, with the annual average expected to reach \$336,000, representing an increase of 2.4 per cent above the current year.

As Canada's national housing agency, CMHC draws on more than 65 years of experience to help Canadians access a variety of quality, environmentally sustainable and affordable housing solutions. CMHC also provides reliable, impartial and up-to-date housing market reports, analysis and knowledge to support and assist consumers and the housing industry in making informed decisions.

For more information, visit www.cmhc.ca or call 1-800-668-2642.

CMHC Market Analysis standard reports are also available free for download at <http://www.cmhc.ca/housingmarketinformation>.

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Forecast Summary
Edmonton CMA
Fall 2011

	2008	2009	2010	2011f	% chg	2012f	% chg
Resale Market							
MLS [®] Sales	17,369	19,139	16,403	16,700	1.8	17,200	3.0
MLS [®] New Listings	40,059	30,696	33,131	32,500	-1.9	31,000	-4.6
MLS [®] Average Price (\$)	332,852	320,378	328,803	328,000	-0.2	336,000	2.4
New Home Market							
Starts:							
Single-Detached	2,613	3,897	6,062	5,200	-14.2	5,800	11.5
Multiples	4,002	2,420	3,897	3,900	0.1	4,300	10.3
Starts - Total	6,615	6,317	9,959	9,100	-8.6	10,100	11.0
Average Price (\$):							
Single-Detached	511,989	543,243	490,128	515,000	5.1	520,000	1.0
Median Price (\$):							
Single-Detached	471,850	460,000	429,900	451,000	4.9	457,000	1.3
New Housing Price Index (% chg.)	1.0	-11.2	-0.8	1.0	-	1.9	-
Rental Market							
October Vacancy Rate (%)	2.4	4.5	4.2	3.8	-	3.0	-
Two-bedroom Average Rent (October) (\$)	1,034	1,015	1,015	1,030	-	1,060	-
Economic Overview							
Mortgage Rate (1 year) (%)	6.70	4.02	3.49	3.60	-	3.56	-
Mortgage Rate (5 year) (%)	7.06	5.63	5.61	5.42	-	5.43	-
Annual Employment Level	642,900	637,900	633,400	655,400	3.5	670,400	2.3
Employment Growth (%)	4.3	-0.8	-0.7	3.5	-	2.3	-
Unemployment rate (%)	3.7	6.7	6.7	5.5	-	5.0	-
Net Migration	16,438	20,248	11,055	14,000	26.6	16,000	14.3

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Source: CMHC (Starts and Completions Survey, Market Absorption Survey), adapted from Statistics Canada (CANSIM), CREA, Statistics Canada (CANSIM)

NOTE: Rental universe = Privately initiated rental apartment structures of three units and over

The forecasts included in this document are based on information available as of October 5, 2011.