

RELEASE

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Calgary housing starts to decline for the second consecutive year in 2016

Calgary, May 18, 2016 – According to Canada Mortgage and Housing Corporation’s (CMHC) Spring 2016 *Calgary Housing Market Outlook* released today, total housing starts in the Calgary Census Metropolitan Area (CMA) are forecast to decline from 13,033 units in 2015 and range between 8,400 and 9,400 units in both 2016 and 2017.

“Reduced investments and layoffs in the energy industry due to low oil prices have spread and have impacted labour market conditions across many different industries,” said Richard Cho, CMHC’s Principal, Market Analysis for Calgary. “This, combined with a rise in inventory, will moderate the pace of new home construction,” he added.

Single-detached starts in 2016 are forecast to further decline and range from 3,300 to 3,500 units. “While new single-detached inventories continue to remain low, the decrease in housing starts will be mainly attributed to weaker demand and more competition from the resale market,” said Cho. Single-detached starts in 2017 are forecast to range between 3,500 and 3,700 units as demand for new homes will improve slightly.

Multiple starts reached 8,895 units in 2015 and are forecast to decline and range between 5,300 and 5,700 units in 2016. Multiple inventories have increased in 2016 and will remain elevated going into 2017, while apartment vacancy rates are well above historical averages. In 2017, multiple starts are forecast to range from 5,100 to 5,500 units, below the preceding 10-year average of 6,117 units.

MLS® residential sales in Calgary are forecast to move lower for the second consecutive year in 2016 and range between 19,800 and 22,200 transactions. Job losses, especially among full-time positions, and reduced consumer sentiment will keep many buyers on the sidelines. Oil prices in 2017 are expected to stabilize at higher levels compared to the year before, leading to modest improvements in economic activity. MLS® residential sales in 2017 are forecast to range between 20,200 and 22,600 units.

The average MLS® residential price in 2016 is forecast to post another decline and range between \$444,500 and \$449,500, compared to \$453,814 in 2015. The sales-to-active listings ratio declined to 21 per cent in the first quarter and is expected to remain relatively low for most of 2016. In 2017, improvements in economic conditions and housing demand combined with less supply will help support home prices. The MLS® average residential price in 2017 is forecast to range from \$450,400 to \$455,600.

As Canada’s authority on housing, CMHC contributes to the stability of the housing market and financial system, provides support for Canadians in housing need, and offers objective housing research and information to Canadian governments, consumers and the housing industry.

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 www.cmhc.ca/housingmarketinformation.

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Additional data is available upon request

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**Forecast Summary
Calgary CMA
Spring 2016**

	2013	2014	2015	2016(F)		2017(F)	
				(L)	(H)	(L)	(H)
New Home Market							
Starts:							
Single-Detached	6,402	6,494	4,138	3,300	3,500	3,500	3,700
Multiples	6,182	10,637	8,895	5,300	5,700	5,100	5,500
Starts - Total	12,584	17,131	13,033	8,400	9,400	8,400	9,400
Resale Market							
MLS® Sales	29,954	33,615	23,994	19,800	22,200	20,200	22,600
MLS® Average Price(\$)	437,036	460,584	453,814	444,500	449,500	450,400	455,600
Economic Overview							
Mortgage Rate(5 year)(%)	5.24	4.88	4.67	4.40	5.00	4.70	5.30

	2013	2014	2015	2016(F)	2017(F)
Rental Market					
October Vacancy Rate (%)	1.0	1.4	5.3	7.0	5.5
Two-bedroom Average Rent (October)(\$)	1,224	1,322	1,332	1,270	1,260
Economic Overview					
Population	1,357,845	1,405,967	1,439,756	1,466,500	1,493,400
Annual Employment Level	779,600	799,500	815,800	803,600	810,000

Multiple Listing Service® (MLS®) is a registered trademark of the Canadian Real Estate Association (CREA).

Rental Market: Privately initiated rental apartment structures of three units and over.

The forecasts (F) included in this document are based on information available as of 29th April 2016. (L)=Low end of Range. (H)=High end of range.

The low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is due to rounding and volatility of the data.

Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. CREA(MLS®). CMHC Forecast (2016-2017).