

RELEASE

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PRAIRIE HOUSING STARTS TO DECLINE IN 2016, AND RISE IN 2017

CALGARY, May 18, 2016 – According to Canada Mortgage and Housing Corporation's (CMHC) second quarter 2016 Housing Market Outlook, Prairies Highlights, housing starts in the Prairie region are projected to decline in 2016 primarily due to a decrease in activity in Alberta. By 2017, stronger economic growth and improved housing market balance will help lift housing starts in all three Prairie Provinces.

“Economic growth in the Prairie region continues to be negatively impacted by low commodity prices, employment growth continues to be slow and this has negatively impacted housing demand,” said Lai Sing Louie, CMHC's Regional Economist. “Many housing markets in the Prairie region are over supplied and it likely won't be until 2017 before we see stronger economic growth and improved market balance supporting some growth in housing starts.”

In Alberta, total housing starts are forecasted to decline from 37,282 units in 2015 to between 24,100 to 26,500 units in 2016. Improving economic conditions based on higher commodity prices are expected to help lift housing demand and production in 2017. There is a risk that commodity prices do not rise and this would negatively impact economic activity and housing demand. In 2017, Alberta's housing starts are projected to rise and range from 25,600 to 28,000 units. After declining for three consecutive years, total housing starts in Saskatchewan reached 5,149 units in 2015, but are projected to stabilize and slowly begin increasing and range from 5,000 to 5,600 units in 2016 and from 5,300 to 5,900 units in 2017. In Manitoba, in spite of an expanding economy, an elevated supply of multi-family units will hold back some growth in overall new home production. After 5,501 total housing starts in 2015, Manitoba's total starts are forecasted to range from 5,100 to 5,600 in 2016. By 2017, a lower level of inventory and economic growth in Manitoba is expected to help lift housing starts to between 5,400 and 6,000 units.

In Alberta, MLS® sales are forecasted to decline from 56,477 in 2015 to between 47,900 and 52,500 sales in 2016. Demand is expected to begin rising in 2017 lifting sales to between 48,600 to 53,400 transactions. With oil prices assumed to be higher in the future, economic growth is expected to increase housing demand. In Saskatchewan, economic conditions are not expected to strengthen substantially this year and resale transactions are projected to be similar to 2015's tally of 12,374 sales and range from 12,100 to 12,500 sales in 2016 and rise to between 12,300 and 12,700 sales in 2017. In Manitoba, steady economic and demographic growth and is projected to continue to propel the resale market higher. MLS® sales in Manitoba are forecasted to rise from 14,021 transactions in 2015 and range from 14,400 to 14,800 sales in 2016 and range from 14,600 to 15,000 sales in 2017.

Market conditions in most of Alberta's and Saskatchewan's major markets tend to be in buyers' market conditions, with supply outpacing demand, days-on-the market longer, and downward pressure on prices. Buyers' market conditions in Alberta are expected to lower the average resale price from \$393,138 in 2015 to between \$383,300 and \$386,800 in 2016. Improving market balance due to economic growth is projected to transition the market and start lifting the average price to between

\$387,200 and \$390,800 in 2017. Buyers' market conditions in Saskatchewan is expected move the average price from \$296,983 in 2015 to between \$290,500 and \$299,600 in 2016. Like Alberta, improved market balance from economic growth is expected to lift Saskatchewan's average price to between \$294,100 and \$303,300 in 2017. In Manitoba, economic and demographic growth has generated market conditions that are supporting price growth. The average price in Manitoba is expected to continue to rise from an average of \$270,375 in 2015 to between \$272,500 and 276,700 in 2016 and to between \$276,300 and \$280,700 in 2017.

This release includes [video](#).

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.

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Additional data is available upon request

(Ce document existe également en français)

**Forecast Summary
Alberta
Spring 2016**

	2013	2014	2015	2016(F)		2017(F)	
				(L)	(H)	(L)	(H)
New Home Market							
Starts:							
Single-Detached	18,431	19,563	14,557	11,800	12,800	12,400	13,400
Multiples	17,580	21,027	22,725	11,600	14,400	12,500	15,300
Starts - Total	36,011	40,590	37,282	24,100	26,500	25,600	28,000
Resale Market							
MLS® Sales	66,080	71,773	56,477	47,900	52,500	48,600	53,400
MLS® Average Price(\$)	380,969	400,590	393,138	383,300	386,800	387,200	390,800
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 (%)	1.3	1.6	4.6	5.6	5.2
Two-bedroom Average Rent (October)(\$)	1,171	1,261	1,285	1,267	1,270
Economic Overview					
Population	4,040,578	4,147,040	4,216,875	4,286,200	4,357,700
Annual Employment Level	2,226,200	2,274,600	2,301,100	2,285,700	2,307,900
Net Migration	90,067	64,534	38,708	36,600	37,600
Average Weekly Earnings (\$)	1,061	1,082	1,104	1,122	1,143

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. Historical and forecast values are an aggregate roll-up of the CMA historical data and forecasts from each province.

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).

**Forecast Summary
Saskatchewan
Spring 2016**

	2013	2014	2015	2016(F)		2017(F)	
				(L)	(H)	(L)	(H)
New Home Market							
Starts:							
Single-Detached	4,184	3,807	2,414	2,800	3,000	2,900	3,100
Multiples	4,106	4,450	2,735	2,100	2,700	2,300	2,900
Starts - Total	8,290	8,257	5,149	5,000	5,600	5,300	5,900
Resale Market							
MLS® Sales	13,535	13,863	12,374	12,100	12,500	12,300	12,700
MLS® Average Price(\$)	288,698	298,372	296,983	290,500	299,600	294,100	303,300
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 (%)	2.3	3.2	6.0	6.3	5.3
Two-bedroom Average Rent (October)(\$)	1,030	1,085	1,092	1,095	1,105
Economic Overview					
Population	1,111,005	1,126,567	1,138,879	1,151,300	1,164,800
Annual Employment Level	565,300	570,900	573,700	575,700	580,300
Net Migration	12,202	9,095	7,612	8,300	8,500
Average Weekly Earnings (\$)	923	949	971	991	1,010

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

**Forecast Summary
Manitoba
Spring 2016**

	2013	2014	2015	2016(F)		2017(F)	
				(L)	(H)	(L)	(H)
New Home Market							
Starts:							
Single-Detached	3,820	3,149	2,325	2,800	3,000	3,000	3,200
Multiples	3,645	3,071	3,176	2,200	2,600	2,400	2,800
Starts - Total	7,465	6,220	5,501	5,100	5,600	5,400	6,000
Resale Market							
MLS® Sales	13,735	13,782	14,021	14,400	14,800	14,600	15,000
MLS® Average Price(\$)	260,849	266,329	270,375	272,500	276,700	276,300	280,700
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 (%)	2.5	2.5	2.9	3.0	3.2
Two-bedroom Average Rent (October)(\$)	969	1,016	1,045	1,075	1,100
Economic Overview					
Population	1,269,160	1,284,599	1,298,591	1,314,600	1,330,300
Annual Employment Level	625,800	626,500	636,200	639,400	645,800
Net Migration	8,161	9,746	10,404	10,500	10,000
Average Weekly Earnings (\$)	791	814	842	863	881

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