



economic analysis *report*



MAY 27, 2016

SPECIAL REPORT: WOOD BUFFALO HOUSING

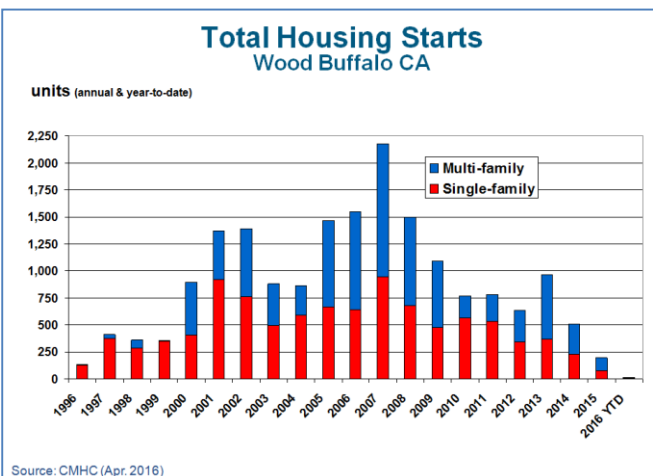
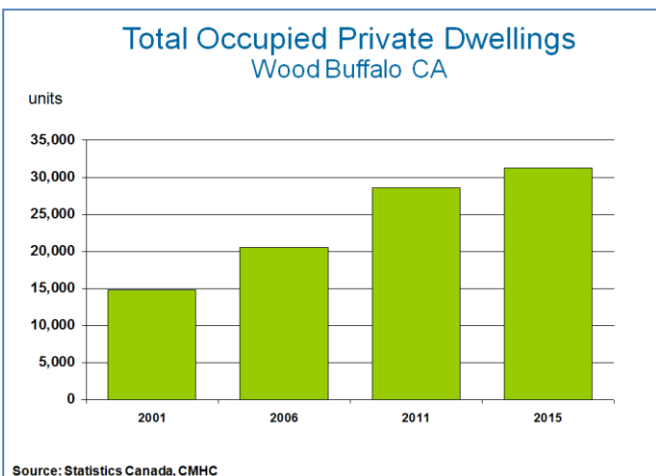
The Fort McMurray Market – Before the Fire

The impact from the Fort McMurray wildfire will take many months to fully measure but clearly many homes were damaged or destroyed. The number of homes that will need to be replaced in Fort McMurray is unknown but government officials have estimated 2,400 structures were damaged or destroyed. To help understand the scope of the challenge ahead and industry’s capacity to respond, CHBA – Alberta Economic Analyst Richard Goatcher has prepared an analysis of housing data for the Regional Municipality of Wood Buffalo before the fire struck. This Special Report provides context to help evacuees as they look ahead to recovery from the devastating wildfires, and to the many stakeholders who will work together to aid the process.

The fire has effectively frozen the Fort McMurray area housing market for some time to come but we know the community entered the crisis at a time when new construction was at a 20-year low and MLS activity had pulled back. It is notable that Fort McMurray has shown remarkable capacity in the past to respond to rising demand. While there were only 193 housing starts in 2015 and just a single start last month, the industry broke ground on 2,175 single and multi-family homes in 2007 alone

The existing housing stock is also significant in assessing the task of getting people back into their homes. The community has grown fast since 2001. To the end of April 2016, the existing housing stock within the Wood Buffalo Census Agglomeration – which includes the City of Ft. McMurray and nearby smaller centres – stood at close to about 31,240 privately owned or rental housing units, more than double the number of units reported 15 years prior.

Key market statistics and trends are highlighted on the second page followed by more detailed analysis. We will provide updates as more information becomes available.



KEY HOUSING DATA AT A GLANCE

Number of Private Dwelling Units (Wood Buffalo CA): Approximately 31,240 units; includes 28,548 units recorded in the 2011 census and almost 2,700 single-family homes and multi-family units built since.

New Home Construction

2015: Starts fell to lowest level in more than 20 years – 193 units. 13 units started in first 4 months of 2016.

Peak New Home

Construction: 2,175 single and multi-family homes started in 2007.

Average Production: 10-year average (2006-2015) of 1,016 homes with almost even split between single and multi-family construction.

Unsold New Inventory: 16 completed but unoccupied new homes in April, down from 17 in March and 80 new units of inventory in April 2015.

New Home Prices: \$838,000 for typical new single-family home built in past 3 years; new semi-detached home about \$686,000.

MLS Sales 2015: Declined 43.5% from 2014 to 974 units.

Average MLS Sales: 1,658 units per year (2011-2015).

MLS Sales 2016: Sales declined 23% for first quarter of 2016 to 155 units.

MLS Prices 2015: Average residential sale price decreased 6.2% from previous year to \$560,794. This followed a 5% decline in 2014. (Average prices can vary because of mix of properties sold)

MLS Prices 2016: For first 3 months of 2016, average fell 11.8% to \$504,097 compared to same period in 2015.

Rental: \$1,842 per month for 2-bedroom apartment (October 2015), down from \$2,118 the year before. By comparison, 2-bedroom apartment rented for \$1,355 in Calgary and \$1,260 in Edmonton. Apartment vacancy rate of 29.4%, up from 11.8% in October 2014.



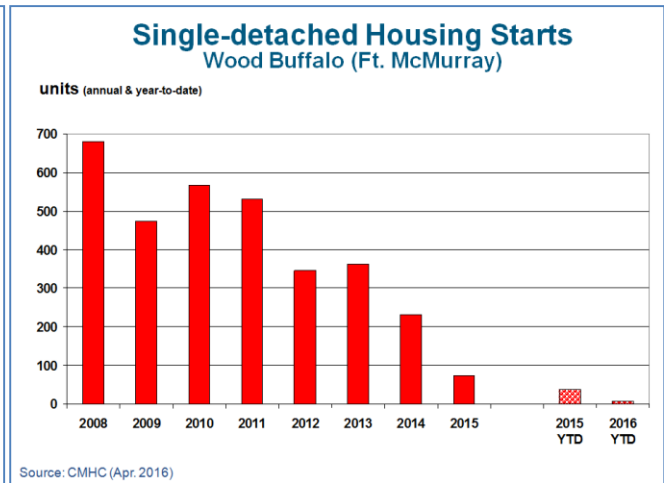
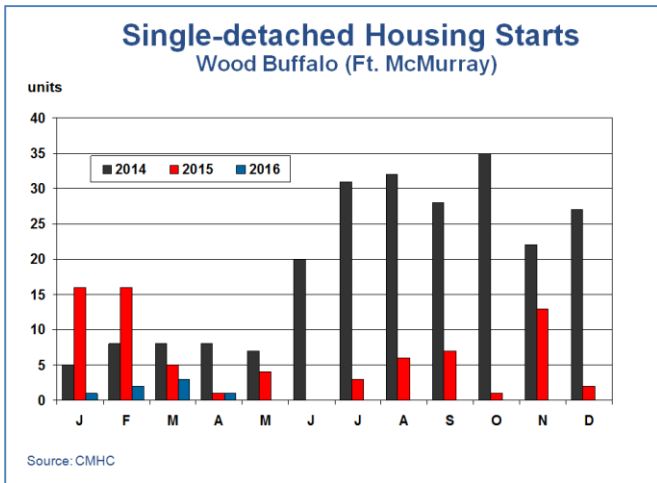
Sources: Canada Mortgage and Housing Corp., Statistics Canada, Canadian Real Estate Association

DETAILED MARKET ACTIVITY TO APRIL 2016

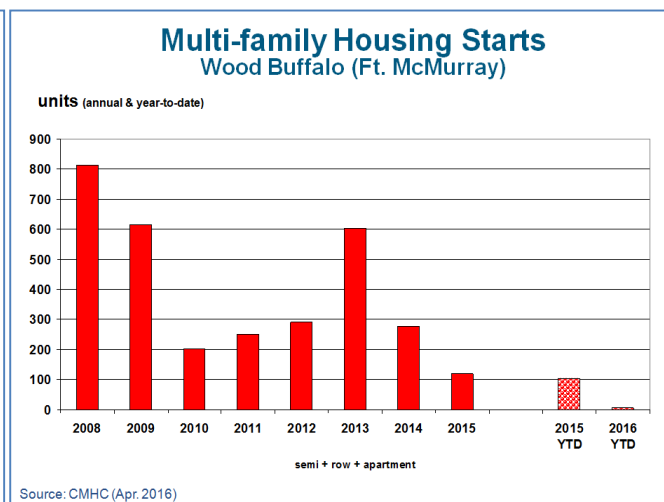
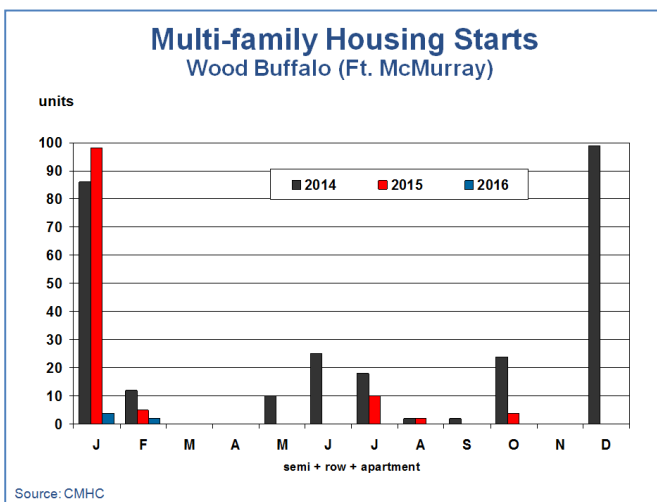
HOUSING STARTS

Total housing starts in the Wood Buffalo CA (Census Agglomeration) amounted to one unit in April, unchanged from a year earlier. So far this year, total starts in Wood Buffalo have declined by 91% from from January and April to 13 units.

Single-detached: CMHC reported only 1 single-family start in the Wood Buffalo in April which was equal to the number started in April 2015. For the year-to-date, single-family starts have declined by 81.6% from the first 4 months of last year to 7 units. Single-family starts peaked in 1997 at 946 units.

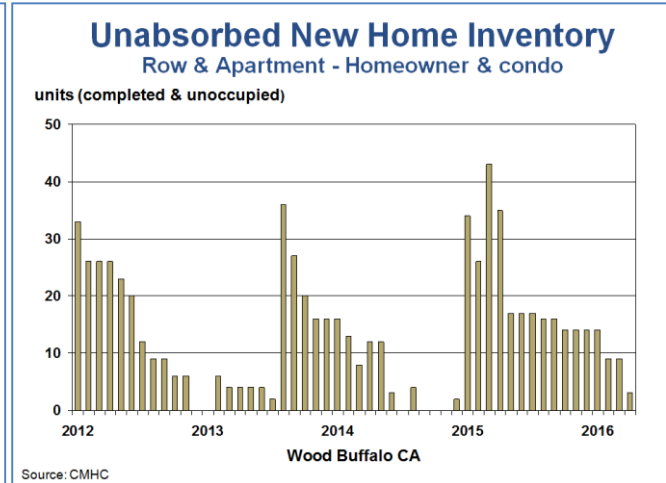
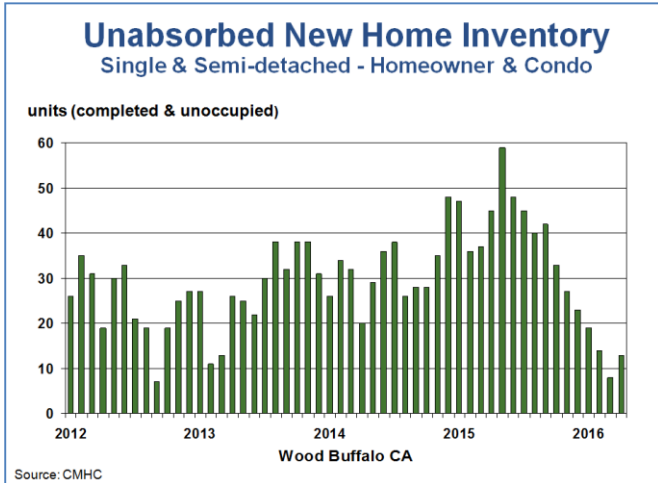


Multi-family (semi, row & apartment): CMHC recorded zero multi-family starts in the Wood Buffalo area in April, unchanged from a year ago. After 4 months this year, multiple unit starts have fallen by 94.2% from January through April 2015 to 6 units.



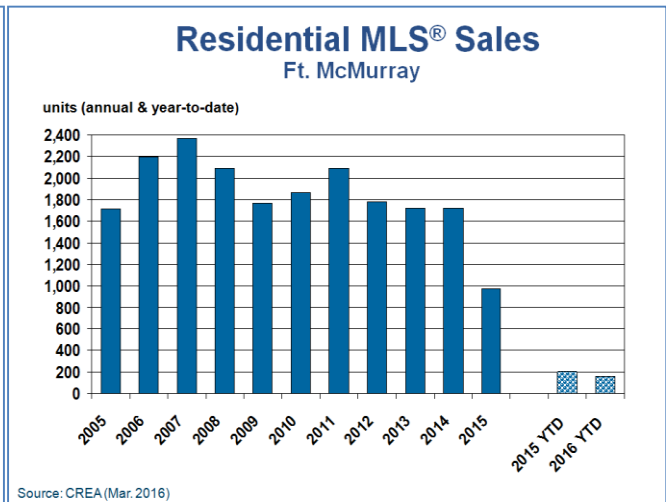
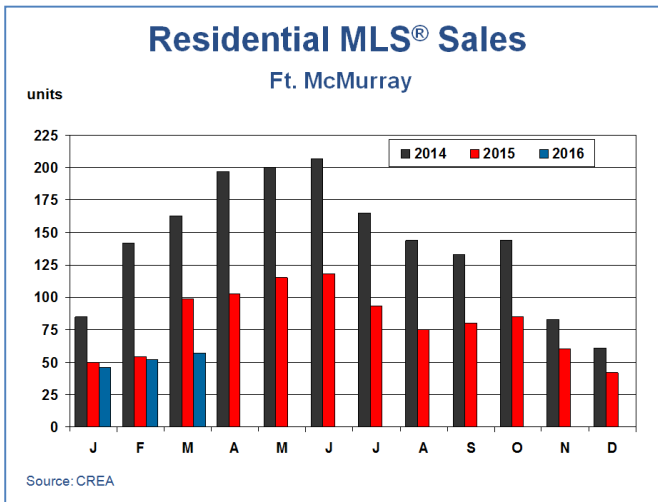
NEW HOME INVENTORY

CMHC tallied 13 completed and unoccupied single and semi-detached dwellings (including show homes) in the Wood Buffalo area in April, up from 8 units in the previous month but down from 45 units in April 2015. Unabsorbed new townhomes and apartments amounted to 3 units in April, down from 9 units a month earlier and 35 units in April 2015.



RESIDENTIAL (MLS) SALES

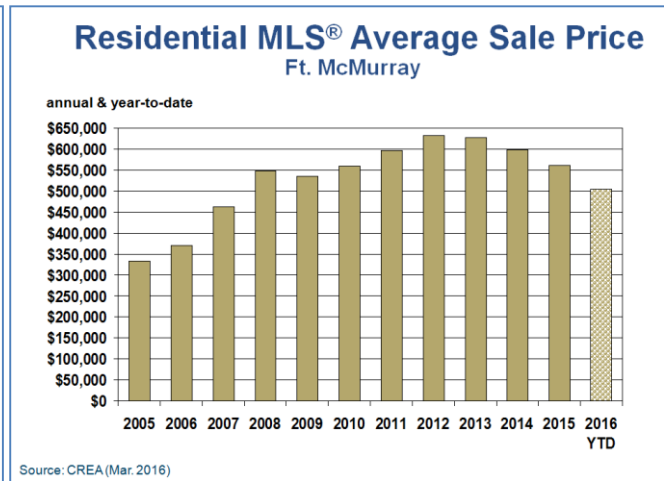
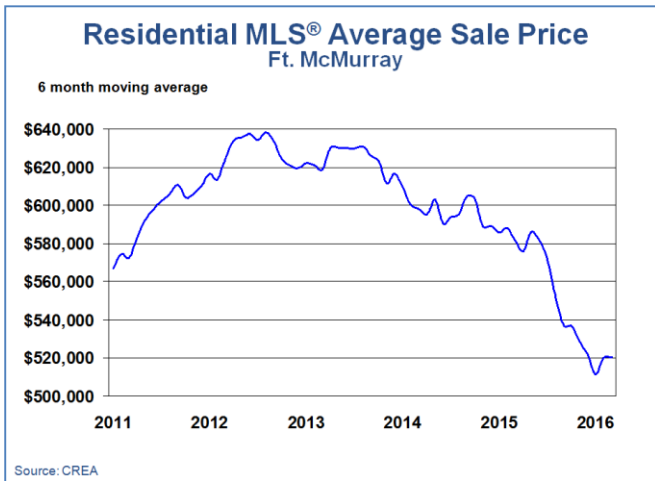
Residential MLS sales in Fort McMurray decreased in April by 42.4% from a year earlier to 57 units. So far this year, home sales on the MLS have declined by 23.6% from the first quarter of 2015 to 155 units. Homes sales by Realtors peaked in 2007 at 2,366 units, the same year that new home construction reached its cyclical high.



RESIDENTIAL SALE PRICES

The average MLS residential sale price in the Fort McMurray area fell in April by 20.2% year-over-year to \$473,924. For the year-to-date, the average sale prices (MLS) in the region has decreased by 11.8% from in January to April of last year to \$504,097. Some of this year's price fluctuations can be attributed to changes in the sales mix compared with the types of homes sold during this time last year. Home

prices in Ft. McMurray peaked in 2012, when the average transaction value for all residential units was \$632,796.



Notes to Readers

CMHC's count of unsold new home inventory defines an unabsorbed unit as a new home that has finished construction and is available for sale. Show homes are typically counted as part of the unabsorbed inventory.

CREA cautions that average price information can be useful in establishing trends over time, but does not indicate actual prices in centres comprised of widely divergent neighborhoods or account for price differential between geographic areas. The monthly average price statistic can also be affected by changes in the mix of sales activity by dwelling type.

For more information or to arrange an interview contact:

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The Canadian Home Builders' Association - Alberta (CHBA - Alberta) is the voice of the residential construction industry in the province. It represents over 1,600 business members including new home builders, renovators, developers, trade and supply companies, and professional services.