



EDMONTON ECONOMIC AND HOUSING OUTLOOK

RICHARD GOATCHER
SENIOR MARKET ANALYST
NOVEMBER 17, 2005



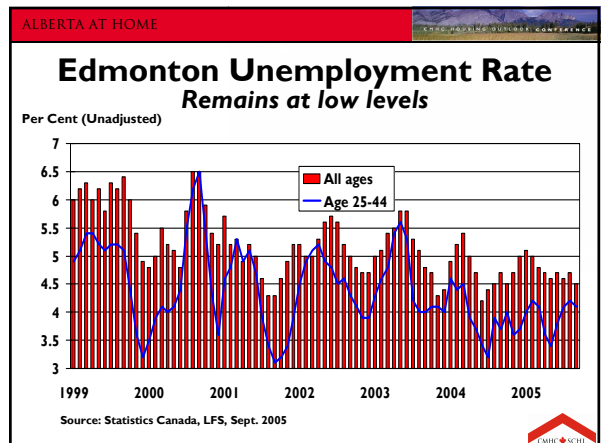
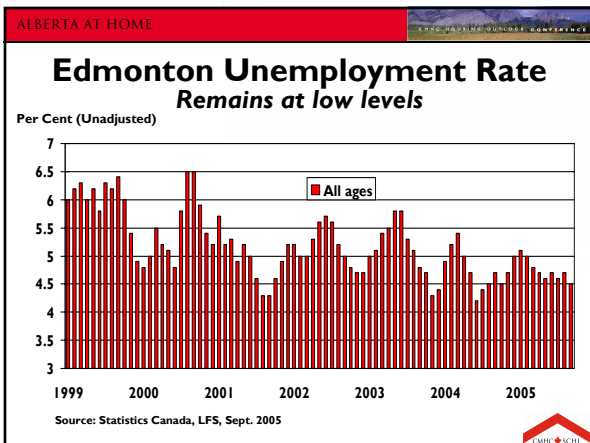
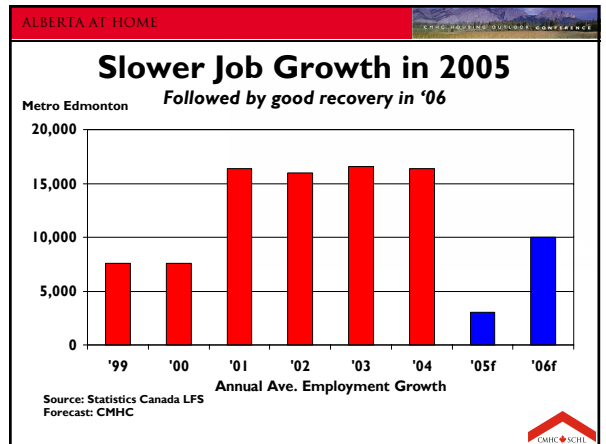
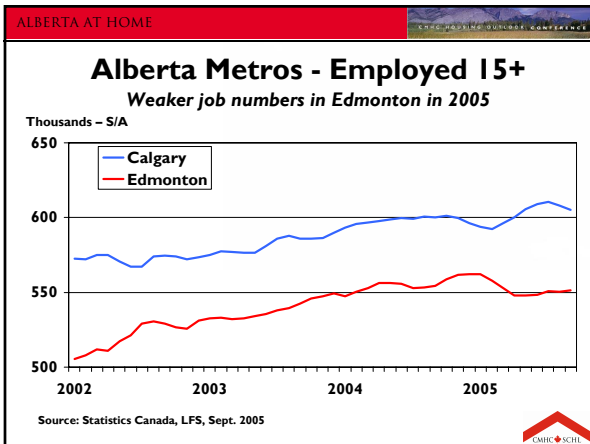
CMHC HOUSING OUTLOOK CONFERENCE

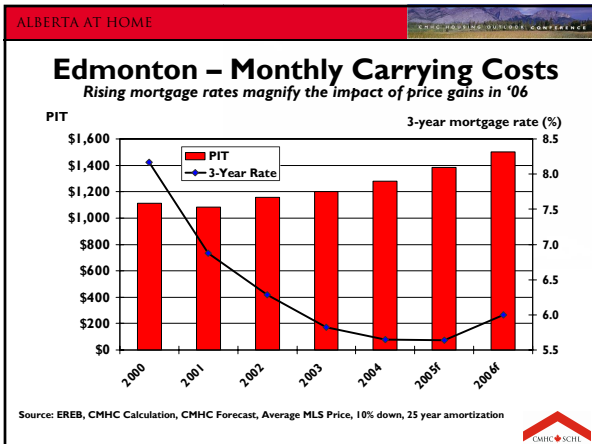
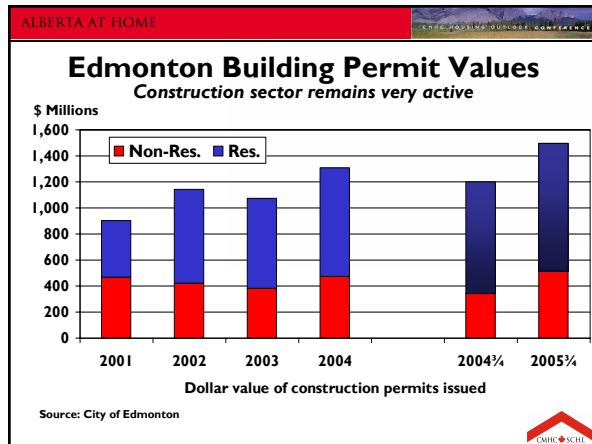
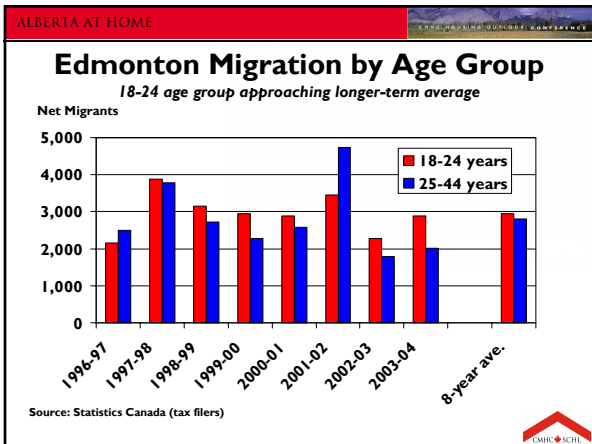
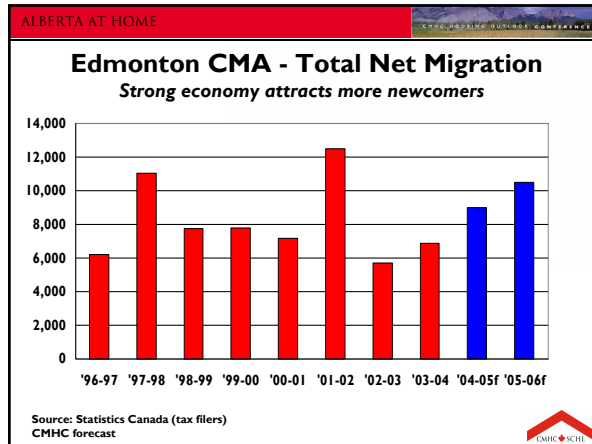
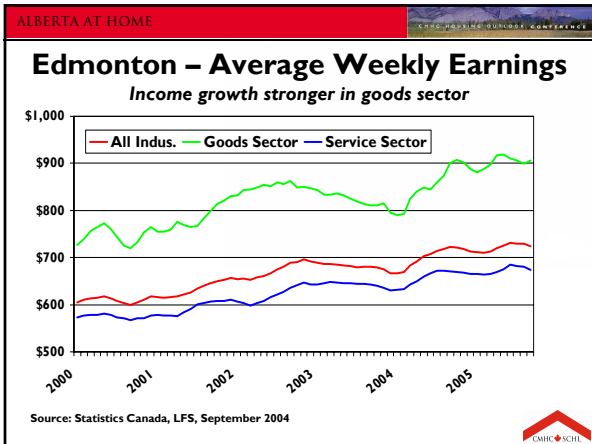



ALBERTA AT HOME

Edmonton Outlook 2006

- Economy
 - Labour market, incomes
 - Migration
 - Carrying costs
- New Home Market
 - Single-Detached
 - Multi-Unit
- Existing Home Market
 - Single-Detached
 - Condominiums
- Rental Market



ALBERTA AT HOME

Metro Edmonton Economy

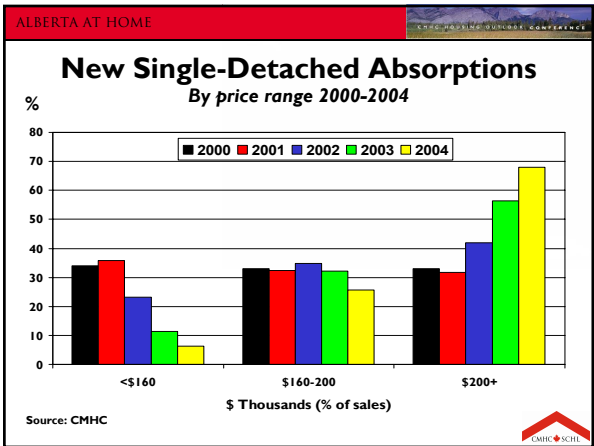
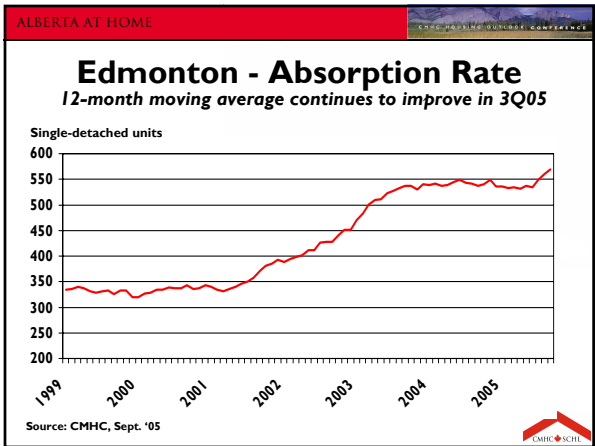
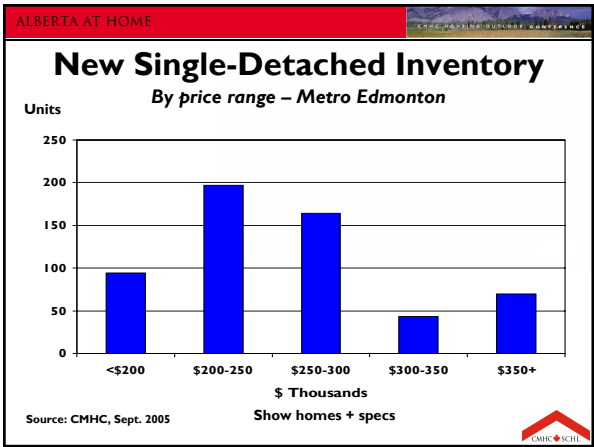
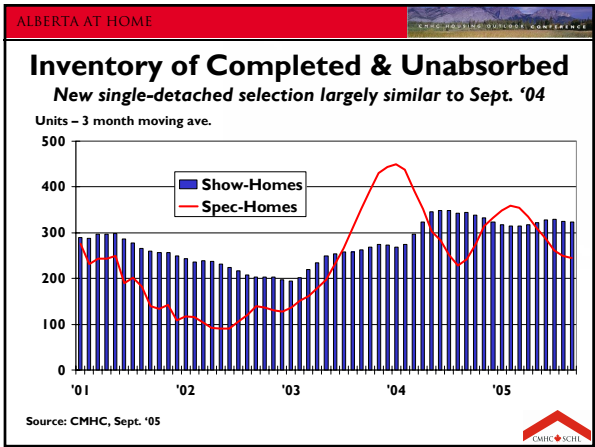
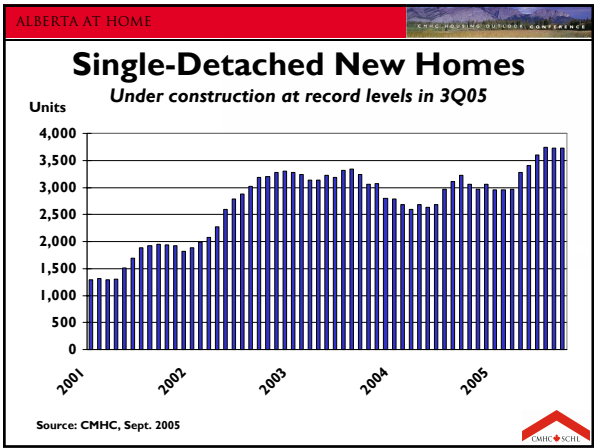
- ↑ Energy sector investment and government spending on infrastructure will underpin employment and income growth into 2007.
- ↑ Unemployment remains very low, sustaining consumer and business confidence.
- ↑ Increased in-migration will help fuel housing demand.
- ↑ Job creation improves in '06 following unexpected weakness in '05.
- ↓ Higher mortgage rates will magnify the impact of price increases, eliminating some buyers at the margin.

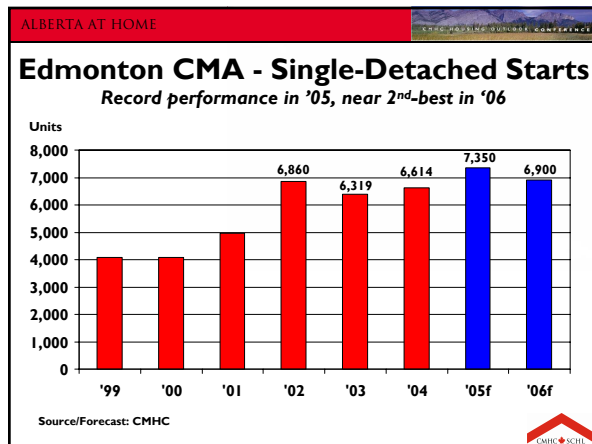
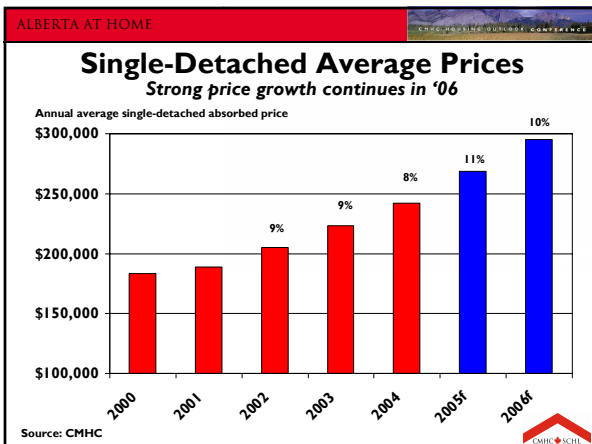
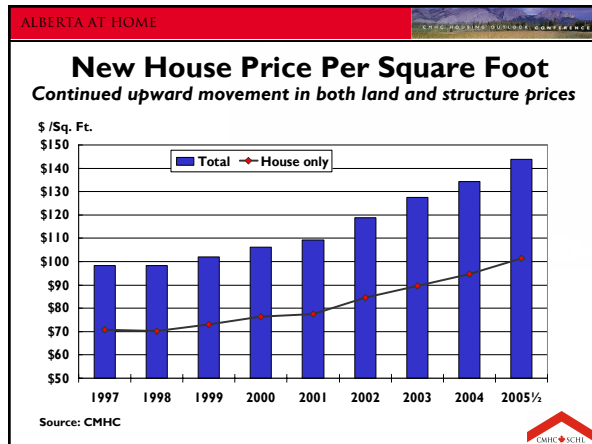
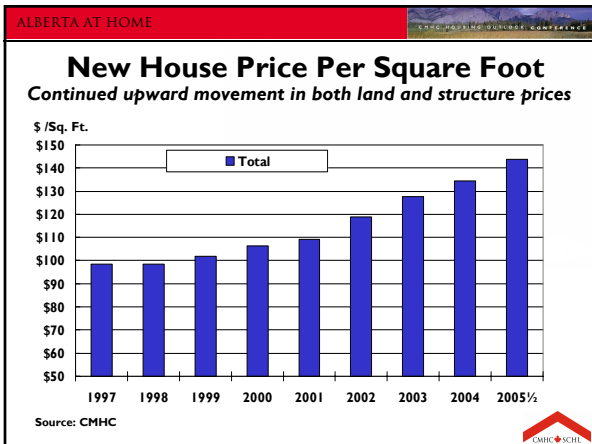
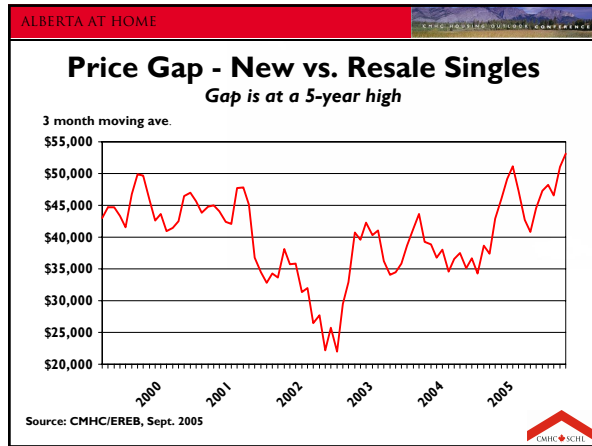
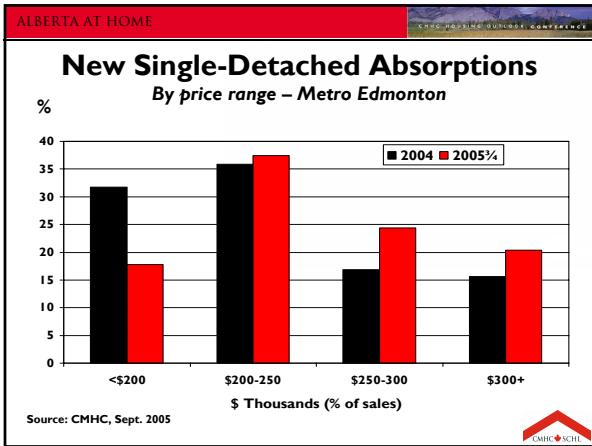
ALBERTA AT HOME

Edmonton's New Home Market



Single-Detached Homes



ALBERTA AT HOME

Edmonton's New Single-Detached Market

- Market place appears balanced during 2005Q4.
- With record volumes under construction, watch for inventory upswing in 2006Q1.
- 2005's record-setting performance will not be repeated in 2006, but overall numbers remain very high (near previous record set in '02).
- Industry's competitive position under assault from sustained double-digit (%) price hikes.
- Sticker shock will compel some prospects to seek other options.



ALBERTA AT HOME

Edmonton's New Home Market

Multi-Unit Housing

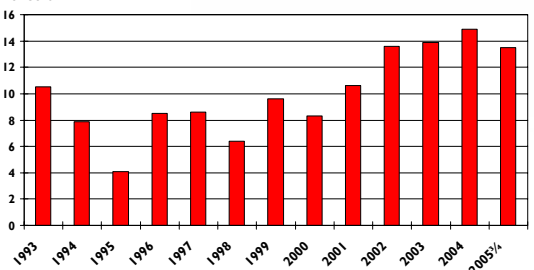



ALBERTA AT HOME

Semis as a % of Total Detached Starts

Semis gain of market share in Edmonton stalls in '05


Per Cent



Year	Per Cent
1993	10.5
1994	8.0
1995	4.5
1996	8.5
1997	8.5
1998	6.5
1999	9.5
2000	8.5
2001	10.5
2002	13.5
2003	13.5
2004	14.5
2005 1/4	13.5

Total = Single-Detached + Semi-Detached

Source: CMHC, Sept. 2005

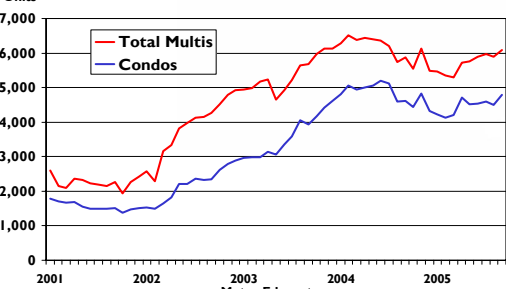


ALBERTA AT HOME

Multi-Units Under Construction

High volume still in the pipeline


Units



Year	Total Multis	Condos
2001	2,500	1,800
2002	2,800	2,200
2003	4,500	3,000
2004	6,200	5,000
2005	6,000	4,500

Metro Edmonton

Source: CMHC, Sept. 2005

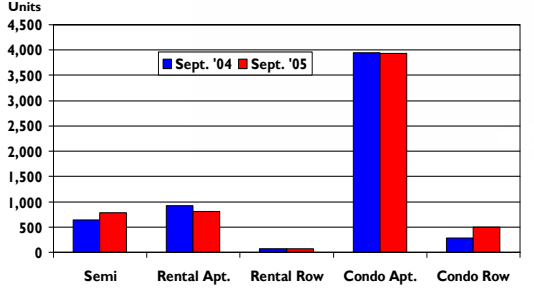


ALBERTA AT HOME

Multi-Units Under Construction

Many condo apartments still underway


Units



Unit Type	Sept. '04	Sept. '05
Semi	700	800
Rental Apt.	1,000	900
Rental Row	100	100
Condo Apt.	4,000	4,000
Condo Row	300	500

Metro Edmonton

Source: CMHC, Sept. 2005

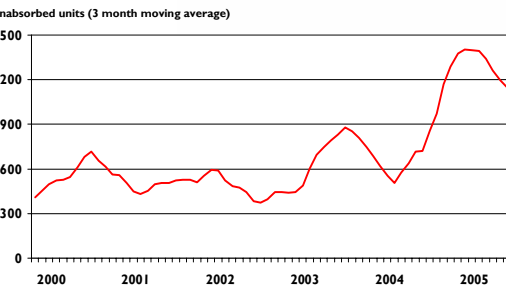


ALBERTA AT HOME

Multi-Unit Inventory

Down from record levels in March – but still high


Unabsorbed units (3 month moving average)

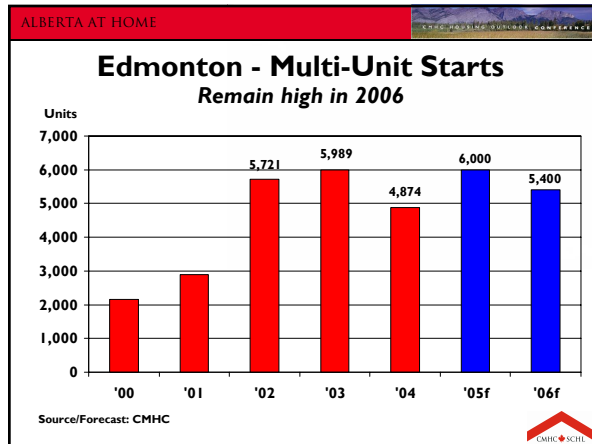
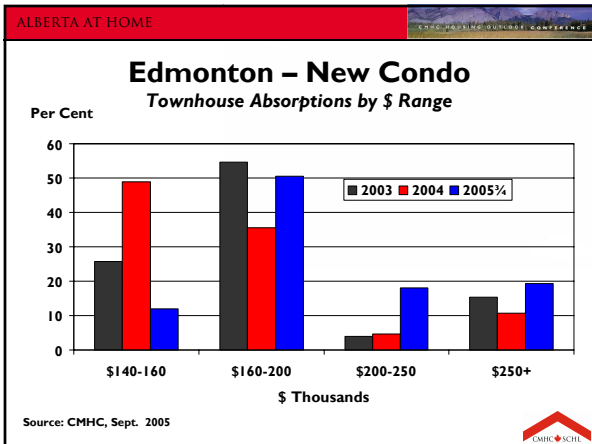
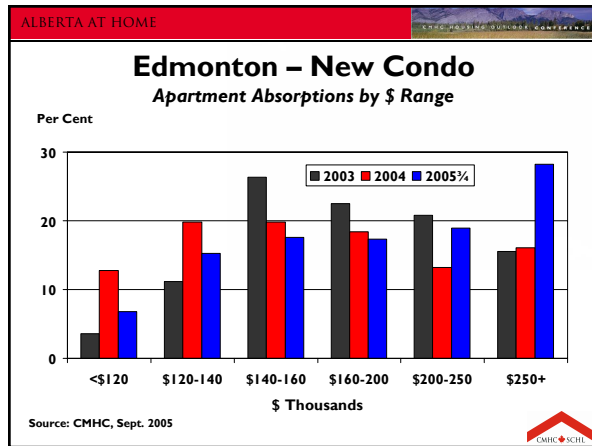
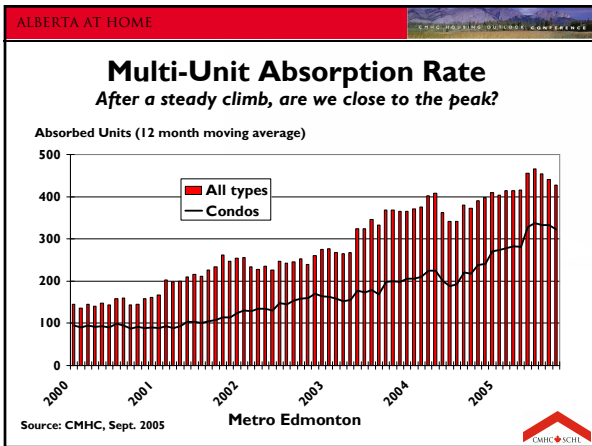
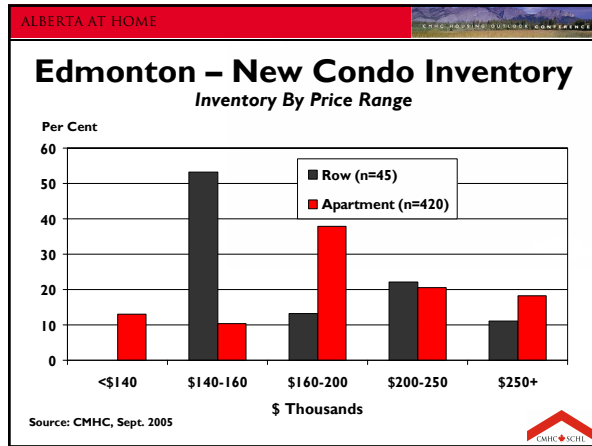
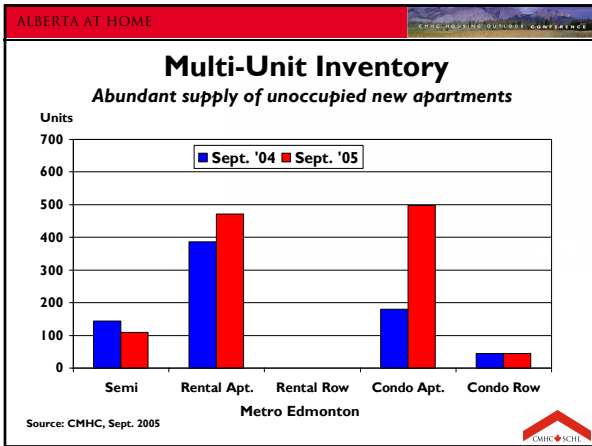


Year	Unabsorbed Units
2000	400
2001	500
2002	500
2003	800
2004	900
2005	1,300

Metro Edmonton

Source: CMHC, Sept. 2005






ALBERTA AT HOME

Edmonton's New Multi-family Market

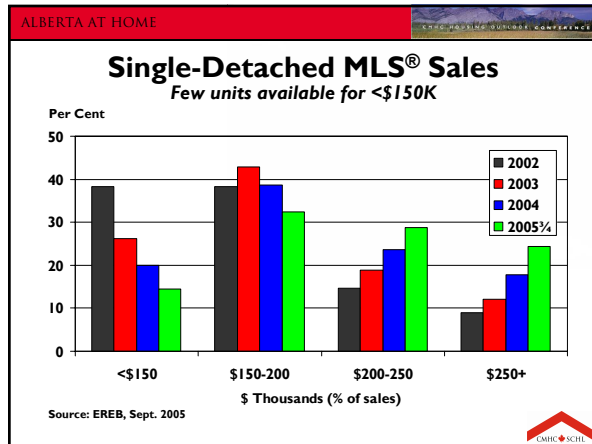
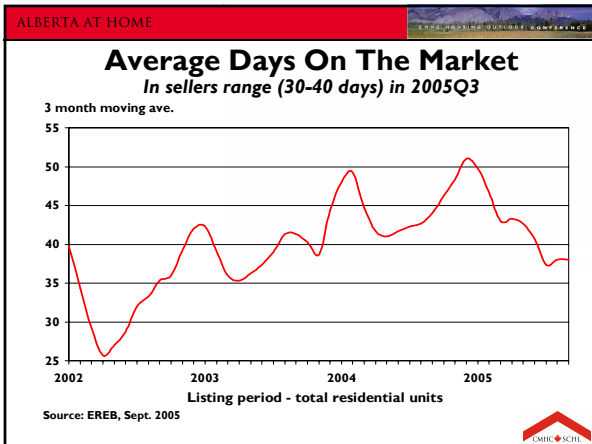
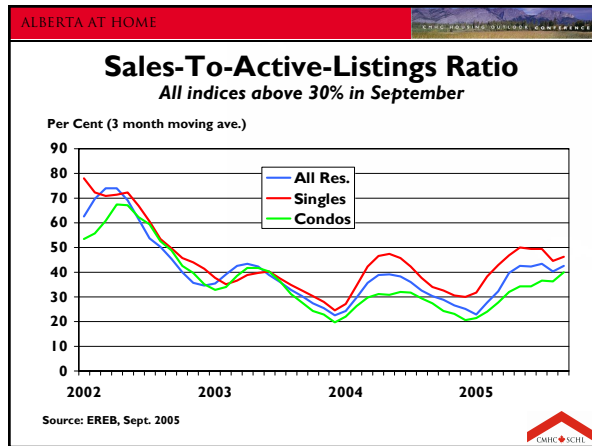
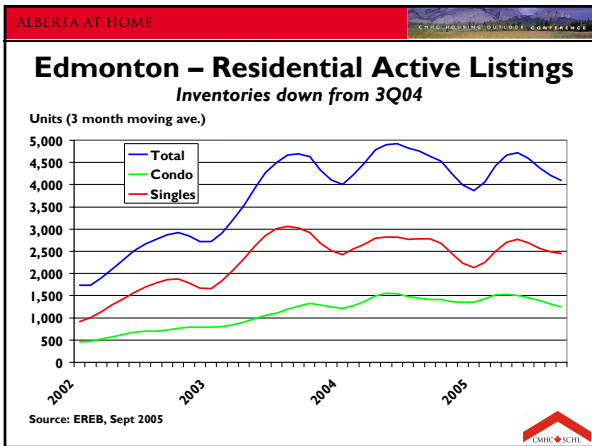
- Sector benefits from price pressures on new single-detached product.
- Construction volumes will remain strong but back-off from 2005 levels.
- Condo apartment inventories will remain high into 2006.
- Rental townhouses under-represented in the product mix.

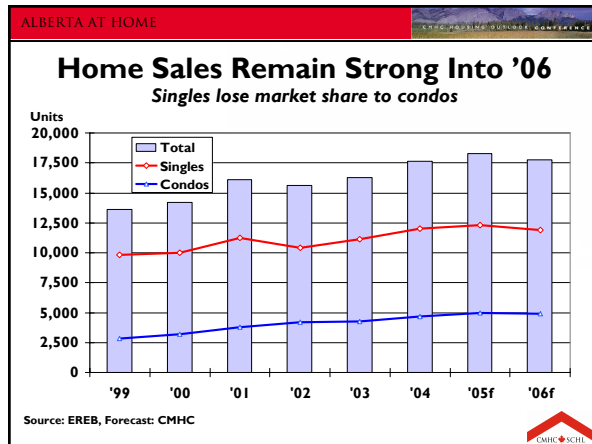
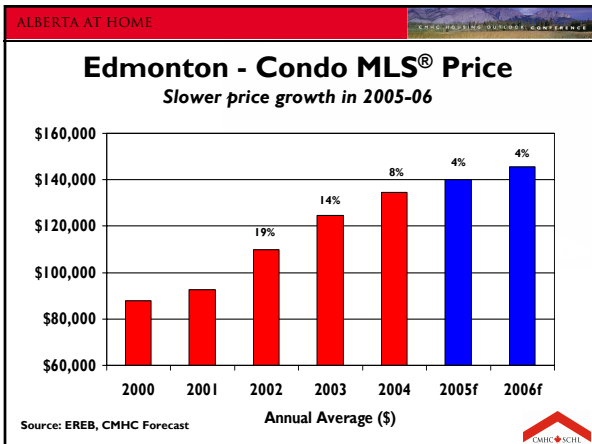
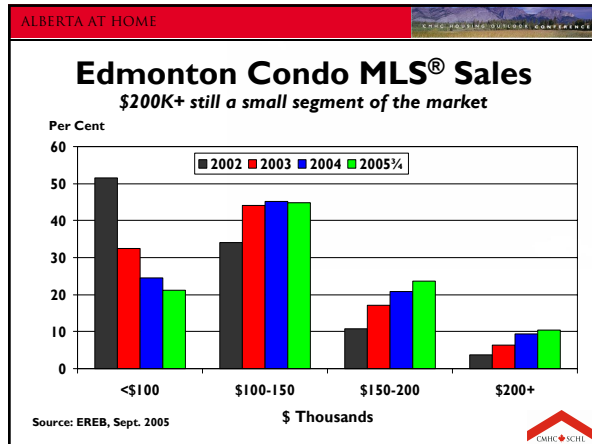
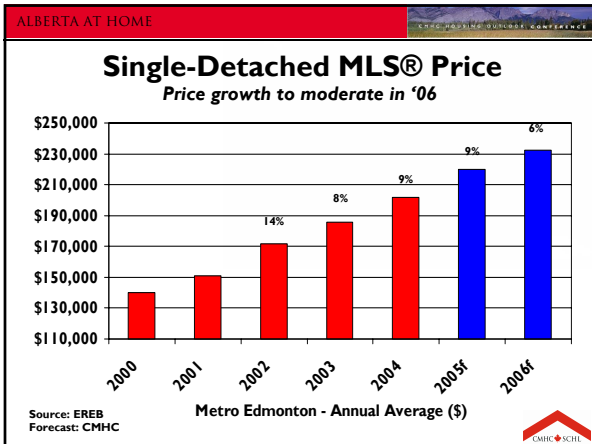


ALBERTA AT HOME

Edmonton's Existing Home Market







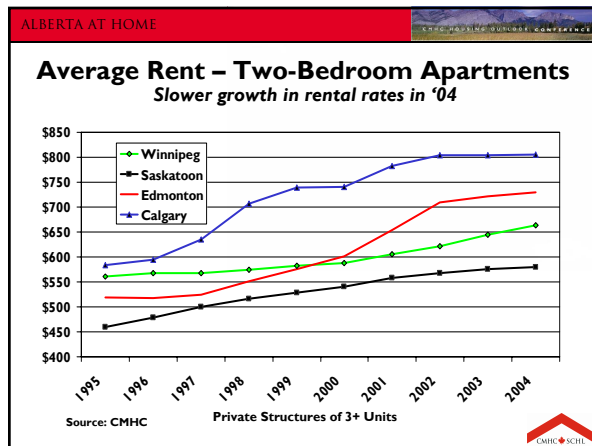
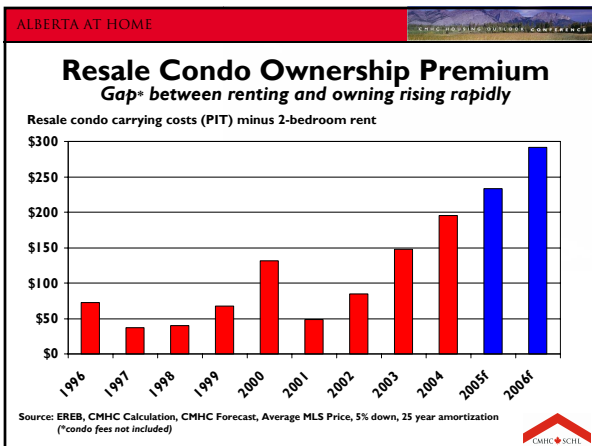
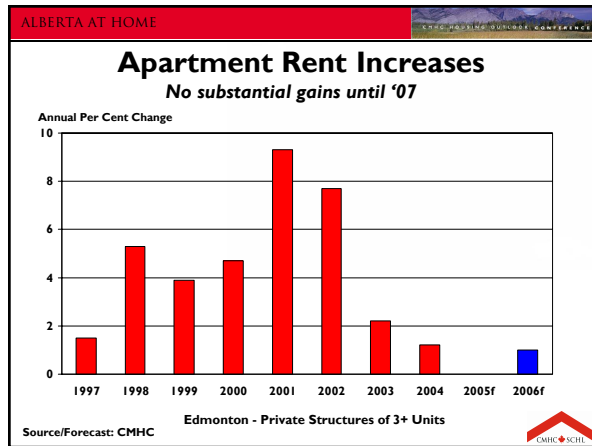
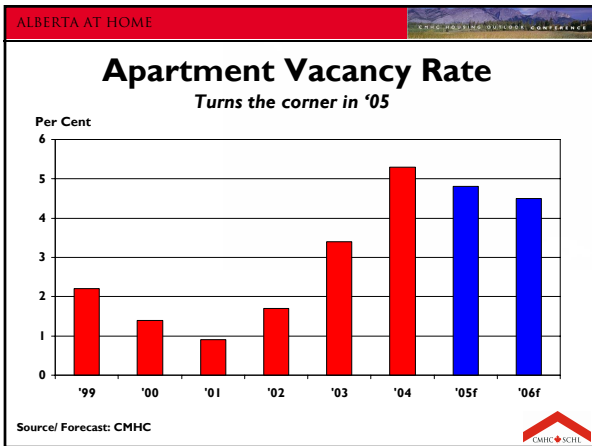
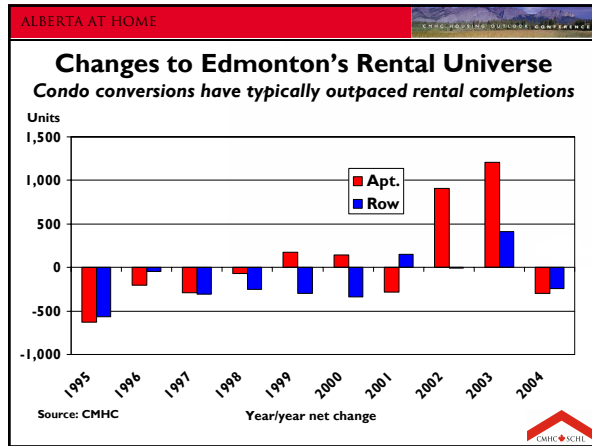
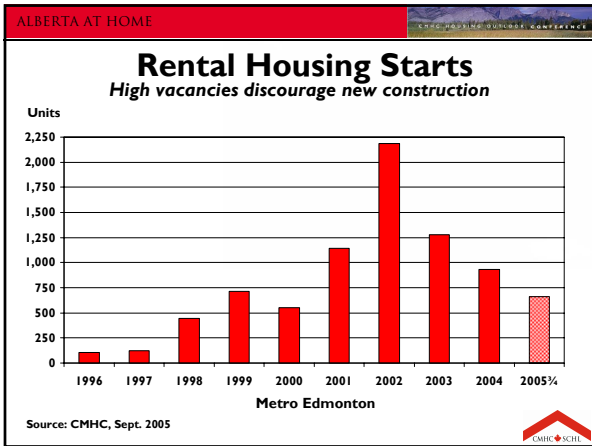
ALBERTA AT HOME

Edmonton's Existing Home Market

- Another record year for residential sales and prices in 2005.
- Rising prices combined with higher mortgage rates will undercut sales in 2006.
- Some renters will adopt the "wait and see" tactic as gap grows between costs of owning vs. cost of renting.
- Condo market benefits from price advantages over detached home ownership. Slowdown will be less pronounced in '06.
- Prices grow less rapidly in '06 as supply and demand converge.

ALBERTA AT HOME

Edmonton's Rental Market



Edmonton Rental Market

- Vacancies decline in '06 but still remain high compared with earlier in the decade.
- Losses to home ownership will diminish in '06 while demand gets bolstered by young newcomers.
- Rent increases will be limited in '06 by concerns about turn-over rates.
- Reduced NOIs will encourage condo conversions.
- Incentives remain a reality of the market place into 2007.
- New product entering the rental market will throttle-back in '06.
- Secondary rental market remains a wild card due to the high volume of new condo completions.



FORECAST SUMMARY	2003	2004	2005F	2006F
Economy				
Employment Growth	16,600	16,400	3,000	10,000
Net Migration	5,715	6,895	9,000	10,500
New Home Market				
Single-Family Starts	6,391	6,614	7,350	6,900
Multi-family Starts	5,989	4,874	6,000	5,400
Single Ave. Price	\$223,507	\$242,175	\$268,500	\$295,000
Resale Market*				
Total Sales**	16,277	17,652	18,300	17,750
Single-family Sales	11,097	12,028	12,300	11,900
S.F. Average Price	\$185,569	\$201,622	\$220,000	\$232,500
Rental Market				
Apt. Vacancy Rate (%)	3.4%	5.3%	4.8%	4.5%
Apt. Rent Change (%)	2.2%	1.2%	0.0%	1.0%

*Source: EREB. ** Total Residential
Forecast: CMHC

