

# CALGARY CMA RENTAL MARKET OUTLOOK

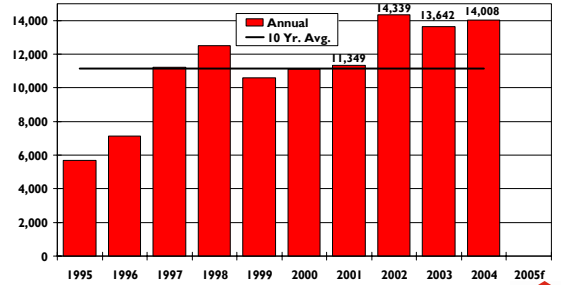


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SENIOR MARKET ANALYST  
OCTOBER 20, 2005



## Calgary CMA Housing Starts

Total starts surpass 14,000 units in '04, led by new condo record total housing starts



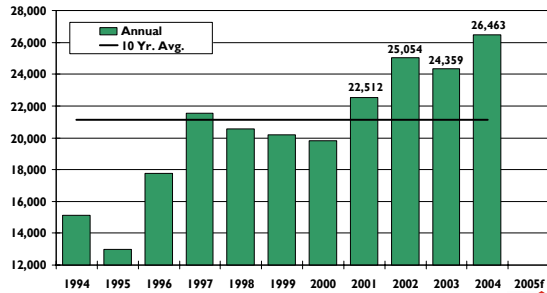
Source: CMHC



## Calgary Resale Market (MLS®)

New record in 2004 up nine per cent, condos record largest gain

Calgary MLS® sales



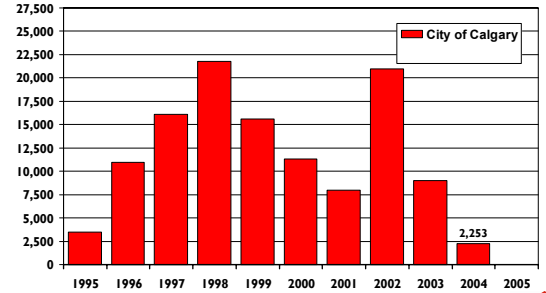
Source: CREB



## Calgary Net Migration

Net migration in 2004 was the lowest in over 12 years

Calgary net migration



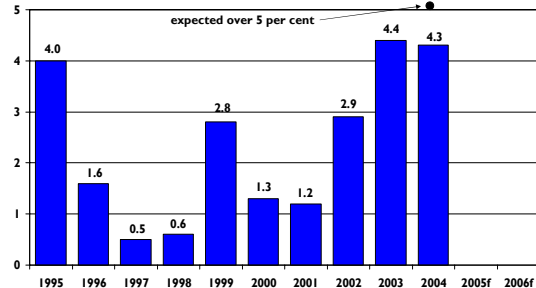
Source: City of Calgary (May to April period)



## Calgary CMA Apartment Vacancy Rate

Turning point was one year earlier as 2004 saw lower vacancies

per cent



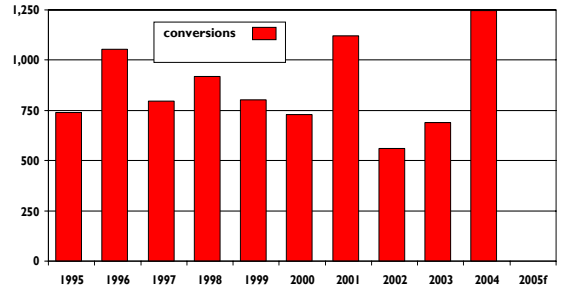
Source: CMHC



## Condominium Conversions from Rental

Conversions from rental highest on record in 2004

conversions from rental to condominium



Source: CMHC

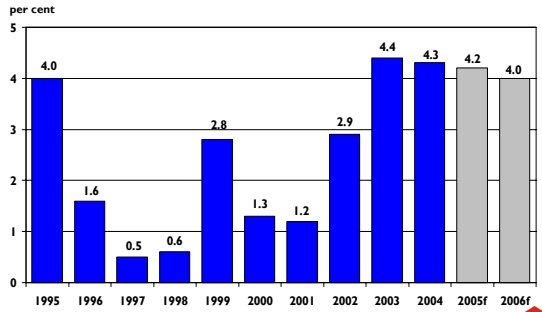


## What Do We Expected Moving Forward?



## Calgary CMA Apartment Vacancy Rate

Turning point was in 2003, steady decline expected over time



Source: CMHC, CMHC Forecast (f)



## What Do We Expected Moving Forward?

### ✓Key Demand-Side Factors

- Net migration... will it recover
- Employment growth... quality over quantity
- Strong price hikes and mortgage rate increases will hamper affordability

### ✓Supply-Side Considerations

- Rental universe cut further by condo conversions
- Little rental construction, if any
- Temporary removals from the universe



## NET MIGRATION

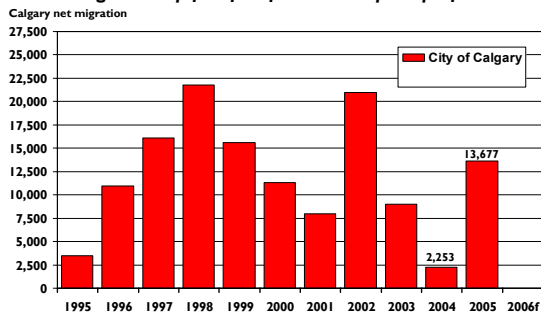


Canada



## Calgary Net Migration

Net migration up five-fold from 2004's poor performance

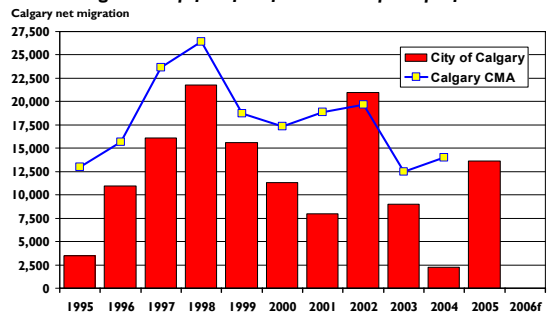


Source: City of Calgary (May to April period)



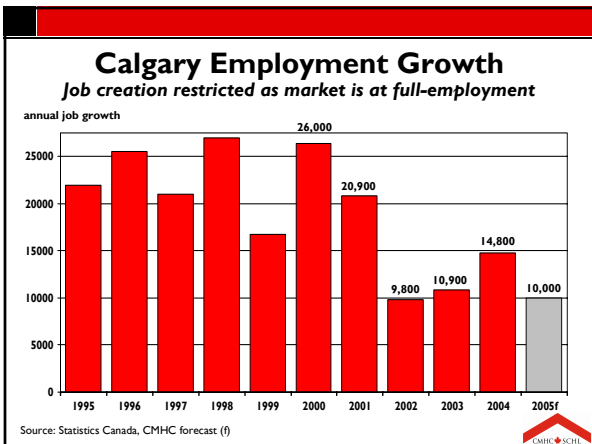
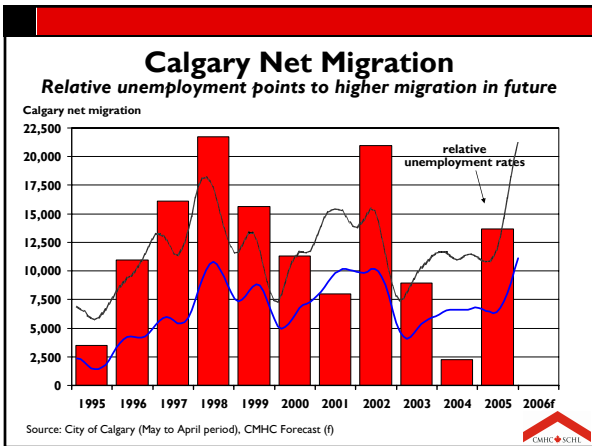
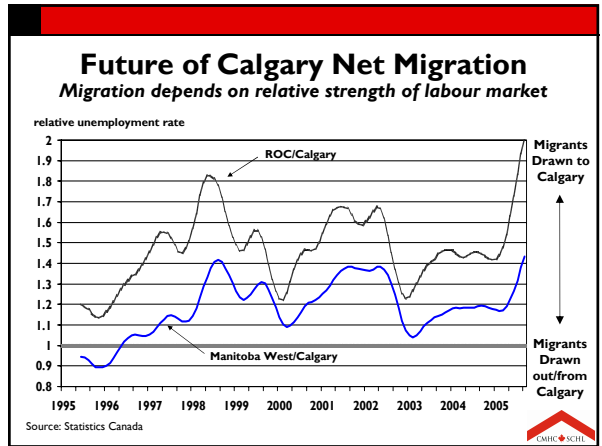
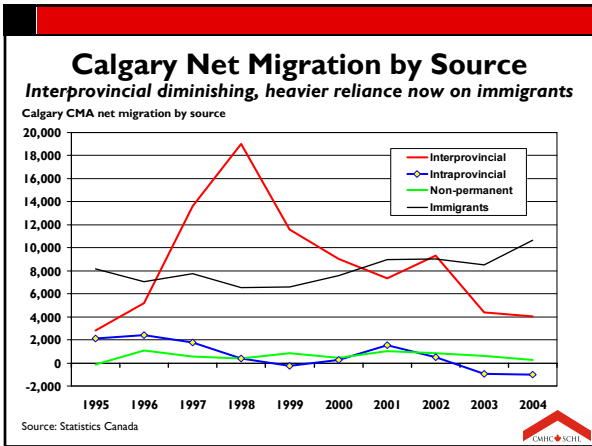
## Calgary Net Migration

Net migration up five-fold from 2004's poor performance



Source: City of Calgary (May to April period)

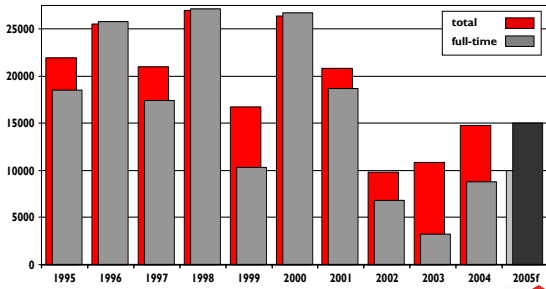




## Calgary Full-time Employment Growth

Quality over quantity as full-time positions dominate job growth

annual job growth



Source: Statistics Canada, CMHC forecast (f)



## AFFORDABILITY...



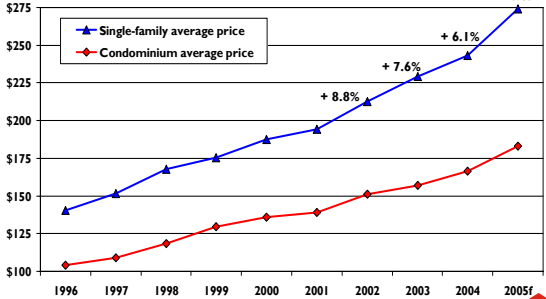
Canada



## Resale Average Prices

Strongest growth rate in 15 years, prices nearly double in 10

resale average price (\$,000s)



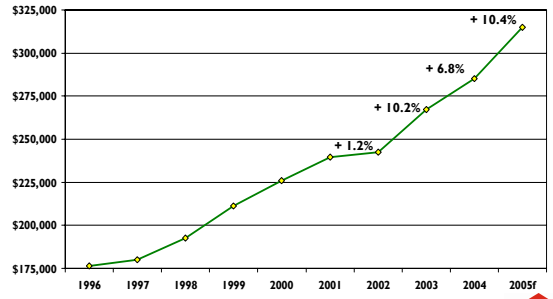
Source: CREB, CHMC Forecast (f)



## New Single-family Average Prices

Average price will be up 80% in 10 years

single-family absorbed price



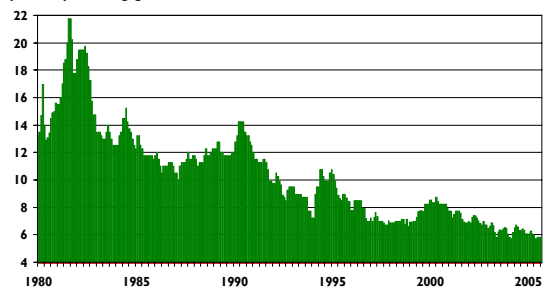
Source: CMHC, CMHC Forecast (f)



## Posted 5-year Mortgage Rate

Record low mortgage rates have maintained affordability

posted 5-year mortgage rate



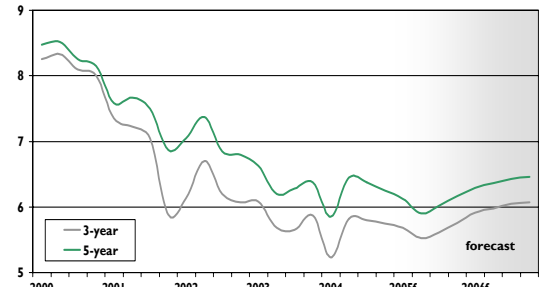
Source: Bank of Canada



## Mortgage Rate Outlook

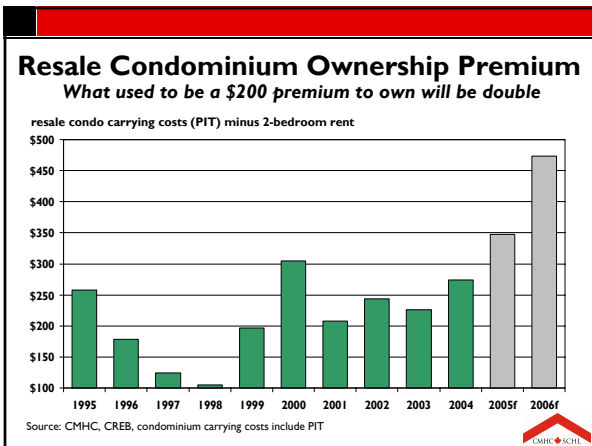
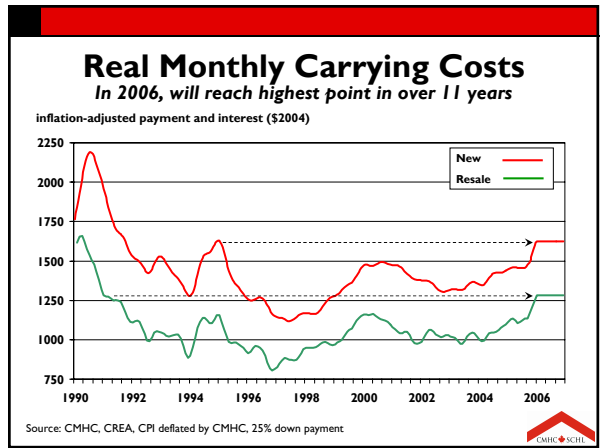
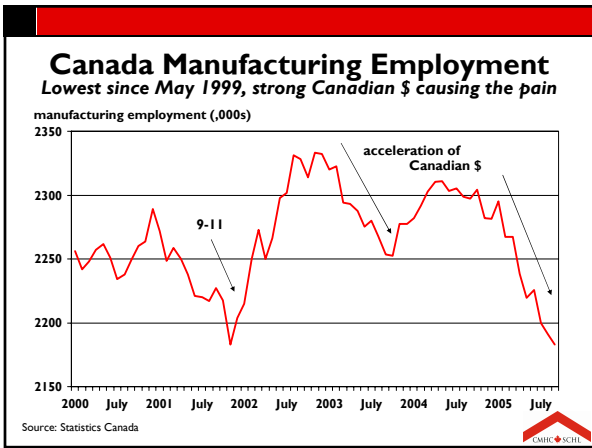
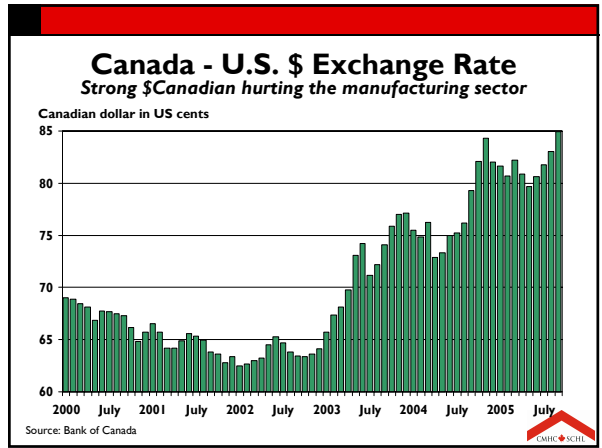
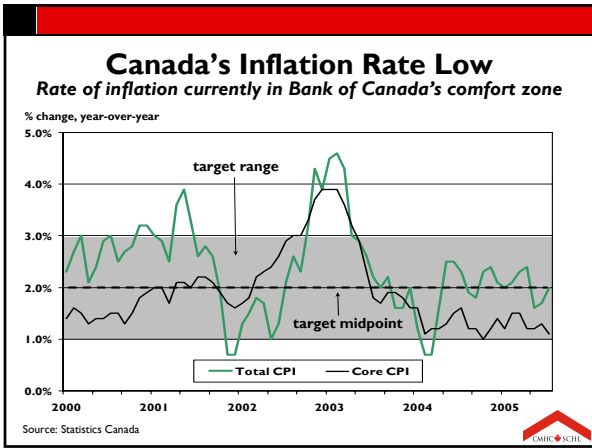
Rate increases expected, yet not very pronounced

posted mortgage rate (%)



Source: Bank of Canada, CMHC forecast





## SUPPLY-SIDE FACTORS...

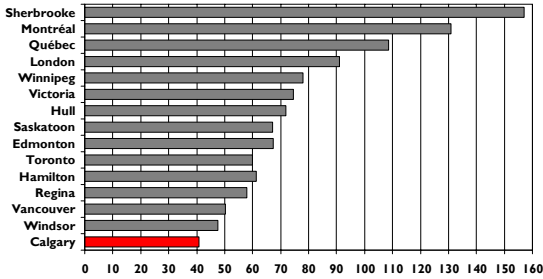
Canada <sup>CMHC</sup>

CMHC <sup>SCHL</sup>

## Rental Universe Per Capita

Among CMAs, Calgary has the smallest universe per capita

rental universe per 1,000 population



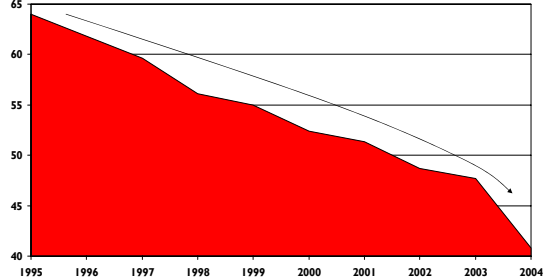
Source: CMHC, Statistics Canada



## Calgary Rental Market Universe Per Capita

Has been on a downward trend since the early 1990s

rental units per 1,000 population



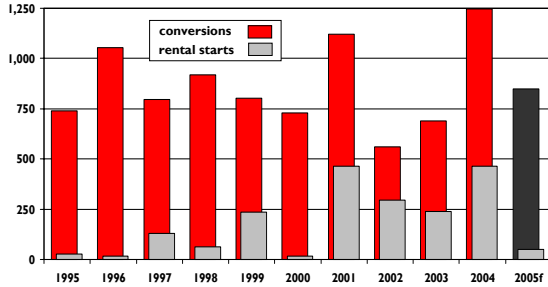
Source: CMHC



## Condominium Conversions vs Rental Starts

New rental construction can't compensate for decline

conversions from rental to condominium, rental starts



Source: CMHC

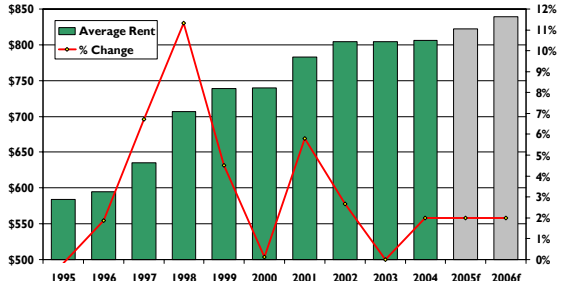


## Calgary CMA Average Apartment Rents

Weak rent increases and incentives will motivate renters to stay

average 2-bedroom rent (\$)

yrlyr % change



Source: CMHC



	2003	2004	2005f	2006f
<b>Economy</b>				
5-Year Mortgage Rate	6.39%	6.23%	6.06%	6.38%
Employment Growth	10,880	14,770	10,000	12,500
Net Migration	8,965	2,253	13,677	15,000
<b>Rental Market</b>				
2-bedroom Rental Rate	\$804	\$806	\$822	\$839
Apt. Vacancy Rate (%)	4.4	4.3	4.2	4.0

\*Source: Calgary Real Estate Board, \*\* Total Residential Forecast: CMHC



# THANK YOU!



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