

CONSTRUCTION

Housing starts down in 2009

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There are fewer houses being started this year than last year.

A report released yesterday by the Canada Mortgage and Housing Corporation says there have been 56% less foundations poured for new houses this year in the Wood Buffalo region than in the same period in 2008.

From January to April of 2008 there were 491 houses started in the region. This year, in the same four months, only 215 houses have been started. That means that in Wood Buffalo, 133 single-detached homes and 82 multiple-family homes have been started this year versus 291 single-detached and 200 multiple-family last year.

Richard Goatcher, senior market analyst with the Canada Mortgage and Housing Corporation, said housing starts are lower this year due to a variety of factors.

"Builders are competing in an environment where there's a number of existing homes, many that have been price-discounted to sell by people that have either temporarily or completely lost their jobs or have relocated," said Goatcher. "So in a lot of communities there's a fair amount of supply out there, so that's causing builders

to pull back."

Other potential factors include the weakened economy, which can lead to buyers being more cautious and holding off on purchasing decisions — builders respond by reducing their inventory.

Analysts say the housing start numbers aren't as bad as they first appear, because the market is coming off some peak building years.

"Peak years for housing in Alberta were 2006, 2007. The slowdown sort of hit part way through 2007 and there's been a cooling off since then. Most communities in the province have an existing home market that is fairly well supplied with good supplies of inventory of existing homes for sale," said Goatcher.

Across the province, the corporation is reporting a 72% overall decrease in the amount of houses started this year versus 2008. In total, Alberta had 10,117 homes started from January to April in 2008 but only 2,809 have been started during the same period this year.

"All the major centres are seeing decreases of various magnitudes — Calgary in particular," said Goatcher.

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