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## Pretty Pink Houses

Economists looking for more evidence of a turn-around in Alberta's housing market were dealt a bit of good news this morning. Housing starts in the province have been inching their way higher.

Total housing starts in urban areas (greater than 10,000 population) rose to 20,300 in September, up from 17,800 in August. Those figures are adjusted for seasonality and reported at an annualized rate. September's figure is the strongest in nearly a year, and the first time it has risen above the 20,000 mark since October of last year.

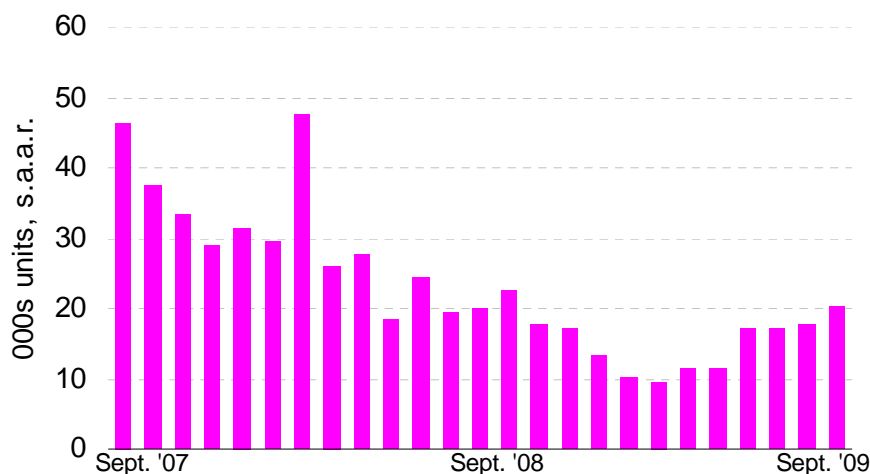
After posting record-setting levels in 2006 and early 2007, Alberta's housing construction activity started sliding in late 2007. With the recession bearing down on the economy, consumer confidence eroded willingness to purchase new

homes. As well, prices of existing homes were falling, which made that option relatively more attractive. By March of this year, housing starts in urban areas hit a cyclical low of a mere 9,600 (annualized rate).

The gradual improvement in Alberta's housing starts since March is yet another indication that the residential real estate market is in balance. Building permits (released earlier this week) and housing prices have also been gaining ground, adding further support to the notion of 'balance.'

Mortgage rates, however, are still exceptionally low. When rates start to drift higher at some point in the future, we may well see housing starts, prices and sales activity taking a bit of a breather.

### Housing Starts in Alberta (urban areas)



Source: CMHC, Oct. 8, 2009

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