

## **2005 puts in 'a phenomenal performance'**

### Tight labour market makes ramping up difficult

Province

*Wednesday, January, 11, 2006*

Greater Vancouver housing starts faltered slightly during 2005 but still recorded a stellar construction year, Canada Mortgage and Housing Corp. said yesterday.

There were 18,840 starts last year, down three per cent from 19,430 in 2004. However, across the province starts in urban centres climbed 0.5 per cent to 31,043 from last year's 30,874 starts, CMHC says.

Greater Vancouver Home Builders' Association CEO Peter Simpson says despite the minimal drop it was a phenomenal performance and says there likely will be little change this year. "You have to go back to 1994 to find better numbers. That's a big number," he said.

The industry is having a profound impact on employment numbers and created the equivalent of 52,752 person years -- one person year is the equivalent of one full-time job for a year -- of employment last year, he said.

Simpson says 2006 will remain strong and said that every housing start creates the equivalent of 2.8 full-time jobs per year.

"I suspect the drop was as much builders pulling back slightly to ensure they had continuity of trades in an extremely tight labour situation. They don't want to be caught with scheduling problems," he said.

Cameron Muir, senior market analyst for CMHC, said "broad-based economic growth has impacted nearly every corner of the province. High commodity prices are providing much needed economic spin-offs to Interior communities, while unprecedented demand for recreation property by baby boomers is fuelling new home construction in rural areas."

Muir said because of the tight labour situation it will be difficult for Vancouver and Victoria builders particularly to "ramp up" production this year.

"Increasingly complex building sites, rising construction costs and competition for skilled labour from the 2010 Olympics and transportation-related projects are hampering their efforts to supply more new homes to the marketplace," he said.

The rest of the country also did well last year with total starts of 224,100 units, a decrease of over 3.5 per cent from 2004, but still the second-highest level since 1988 and the fourth consecutive year housing starts were over the 200,000-unit benchmark.

Scotiabank says that starts should continue to trend downward in 2006, but Canada's generational-low unemployment rate and respectable wage gains should continue to support a historically high level of residential construction.

The prospects of higher interest rates and rising inventories of unsold new homes should have a moderating effect on starts in 2006, especially as economic growth starts to slow by the second half of the year.

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