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Canada



CANADA MORTGAGE AND HOUSING CORPORATION

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Canadian Market Overview

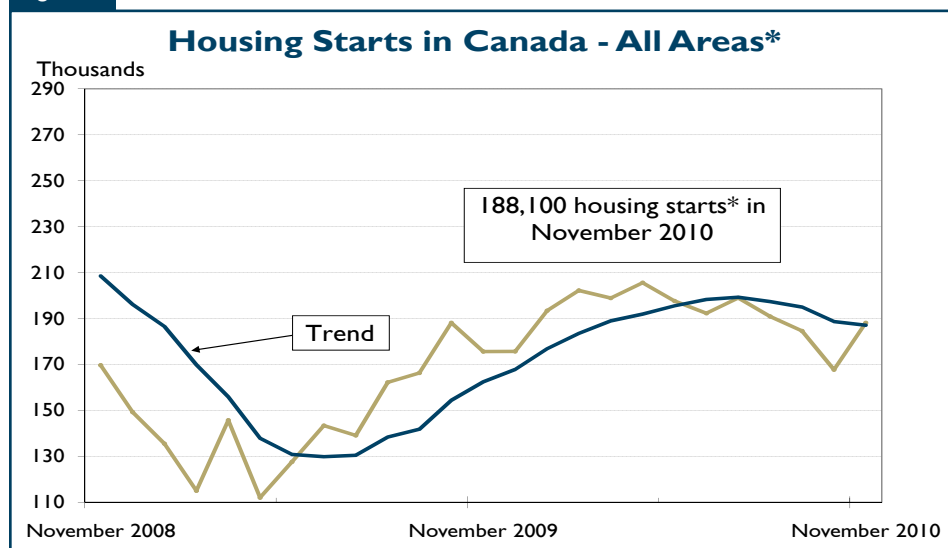
New Home Market

Housing starts increased in November

The seasonally adjusted annual rate¹ of housing starts was 188,100 units in November, up 12.2 per cent from 167,700 units in October. Housing starts

moved higher in November primarily due to a strong increase in urban multiple starts in Ontario. The increase in housing starts in Ontario was more than enough to offset declines in all other regions of the country.

Figure 1



Source: CMHC

*Seasonally adjusted at annual rates

¹All starts figures in this release, other than actual starts, are seasonally adjusted annual rates (SAAR) — that is, monthly figures are adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels. By removing seasonal ups and downs, seasonal adjustment makes it possible to highlight the fundamental trends of a series. Reporting monthly figures at annual rates indicates the annual level of starts that would be obtained if the monthly pace was maintained for 12 months. This facilitates comparison of the current pace of activity to annual forecasts as well as to historical annual levels.

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Both single and multiple starts moved up in November

The seasonally adjusted annual rate of urban starts increased by 15.3 per cent to 164,000 units in November. Urban multiple starts went up 21.1 per cent to 102,000 units, while single urban starts moved up by 6.9 per cent to 62,000 units.

Urban starts increased in Ontario and decreased in all other regions during November

November's seasonally adjusted annual rate of urban starts increased 85.2 per cent in Ontario. Reductions in urban starts were seen in Atlantic Canada (-24.0 per cent), in British Columbia (-20.8 per cent), in Québec (-15.2 per cent), and in the Prairies (-1.5).

Rural starts were estimated at a seasonally adjusted annual rate of 24,100 units in November.

Year-to-date actual starts up compared to 2009

On a year-to-date basis (to November 2010), actual total housing starts in urban areas have increased by an estimated 29.4 per cent compared to the same period in 2009. Actual urban single starts for the first eleven months of 2010 were up 26.3 per cent while urban multiple starts were 32.1 per cent higher than the same period of last year.

Year-to-date actual starts in rural and urban areas combined increased by an estimated 28.5 per cent compared to the first eleven months of 2009.

New Housing Price Index rises in October

According to Statistics Canada, the New Housing Price Index (NHPI) increased 0.1 per cent in October following a 0.2 per cent advance in September. The top contributors to the October increase were Toronto, Oshawa, and Vancouver. On a year-over-year basis, the NHPI was up 2.5 per cent in October after a 2.7 per cent year-over-year increase in September.

In October 2010, new home prices increased in 17 out of 21 centres on a year-over-year basis. The largest year-over-year increases in the NHPI were in Regina (6.0 per cent), Winnipeg (5.2 per cent), St. John's (4.9 per cent), Montréal (4.3 per cent), and Saskatoon (3.8 per cent). The centres registering declines were Charlottetown (-1.6 per cent), Greater Sudbury and Thunder Bay (-1.2 per cent), Victoria (-0.8 per cent), and Windsor (-0.7 per cent).

Existing Home Market

MLS^{®1} sales rise in November

The seasonally adjusted annual rate of MLS^{®1} (Multiple Listing Service[®]) sales rose 4.8 per cent

to 451,896 units in November, compared to 431,232 units in October.

For the first eleven months of 2010, actual MLS[®] sales were down 3.2 per cent compared to the same period in 2009.

MLS[®] new listings edge down in November

The seasonally adjusted annual rate of MLS[®] new listings in November decreased by 0.7 per cent to 813,144 units, compared to 818,808 units in October. Actual new listings for the first eleven months of 2010 were up by 8.2 per cent compared to the same period last year.

Sales-to-new-listings ratio² moves up in November

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio. New listings are a gauge of the supply of existing homes, while MLS[®] sales are a proxy for demand.

The seasonally adjusted sales-to-new-listings ratio for Canada was 55.6 per cent in November, up from October's 52.7 per cent. Overall, Canada's housing sector appears to be re-entering seller's market conditions.

The November seasonally adjusted average MLS[®] price in Canada rose 1.8 per cent to \$345,236 compared to \$339,013 in October. The

¹Multiple Listing Service (MLS[®]) is a registered certification mark owned by the Canadian Real Estate Association

²Taking the Canadian MLS[®] market as a whole, a sales-to-new-listings ratio below 40 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a buyers' market. A sales-to-new-listings ratio above 55 per cent is associated with a sellers' market. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be balanced.

unadjusted MLS® average price was up in November to \$344,268 from \$337,392 a year ago.

Economic conditions

According to Statistics Canada, employment edged up by 15,200 in November. Given a decline in the number of youths participating in the labour market, the unemployment rate fell 0.3 percentage points to 7.6 per cent. Since November 2009, overall employment has risen by 318,000 (1.9 per cent).

The agency also reported that the full time employment decline of 11,500 was more than offset by an increase of 26,700 in part-time employment last month. Over the past year, part-time employment increased by 127,000 net new jobs while full time employment increased by 192,000 net new jobs.

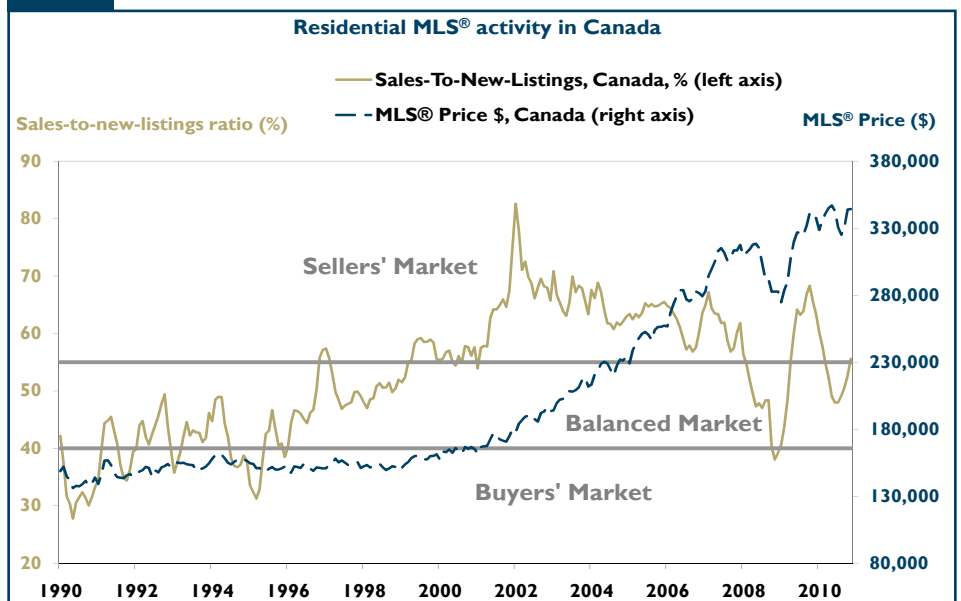
Overall, Ontario registered a notable increase in employment in November, while Québec and Manitoba posted employment declines. The other provinces showed little change.

With respect to consumer prices, Statistics Canada writes that consumer prices rose 2.0% in the 12 months to November, following a 2.4% increase in October. The 0.4 percentage point decrease can be largely attributed to energy, food, and clothing prices. Energy prices rose 6.7% during the 12 months to November, on the heels of

a 9.1% increase in October. Gas prices were 7.2% higher than a year earlier, following an 8.8% increase the previous month. Electricity prices increased 5.9% compared with an 8.1% advance in October. Homeowners' replacement cost increased 4.6% in November compared with a 4.9% advance the previous month. Finally, the household operations, furnishings and equipment index rose 0.3% while the shelter index decreased 0.2%.

On December 7, the Bank of Canada left the Target for the Overnight Rate unchanged at 1.00 per cent. The next interest rate announcement of the Governing Council of the Bank of Canada will take place on January 18, 2011. The next Monetary Policy Report is scheduled to be released on January 19, 2011. ■

Figure 2



Data are seasonally adjusted and annualized, and cover Canada's major markets Sources: CMHC, Canadian Real Estate Association (CREA), MLS

Residential Mortgage Credit: Growth in the Third Quarter of 2010

Residential mortgage credit increased by 7.3 per cent in the third quarter of 2010, compared to the third quarter of 2009.

Despite some increases in interest rates in the first half of 2010, continuing low mortgage rates and favourable labour market conditions led to positive growth in residential mortgage credit in the third quarter of 2010.

Short and medium-term fixed mortgage rates remain near historical lows, which is helping to support Canada's housing sector. Rates are expected remain flat for the near-term.

Actual MLS[®] sales moderated 23.5 per cent during the third quarter of 2010, when compared to the same quarter in 2009. The actual average MLS[®] price was up 0.3 per cent over the same time frame. With respect to the actual dollar volume of existing home sales, it was down 23.3 per cent between the third quarter of 2009 and the third quarter of 2010.

Actual urban housing starts in Canada increased by 21.4 per cent in the third quarter of 2010 compared to the same quarter of 2009.

Figure 3

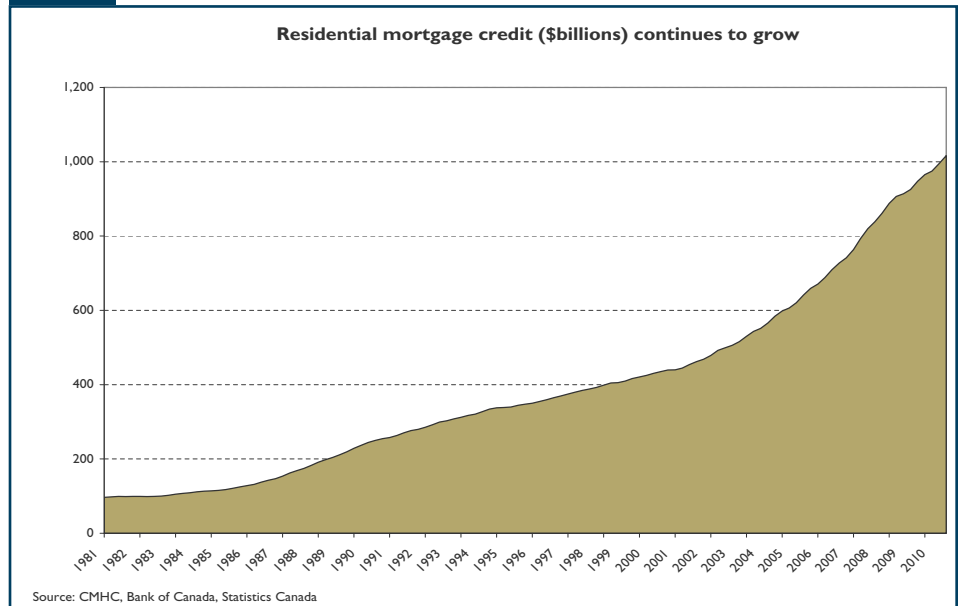
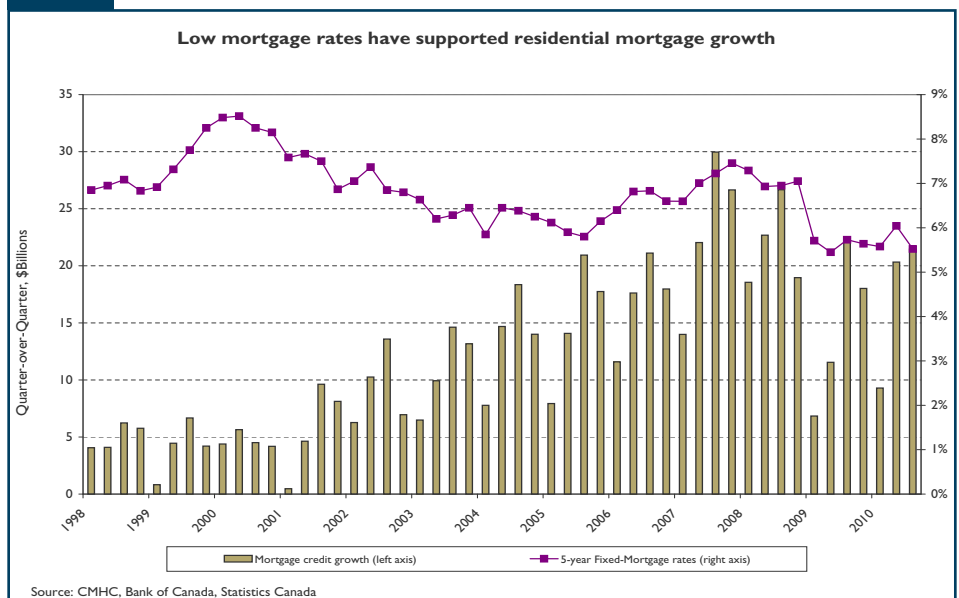


Figure 4



Market shares constant

Chartered banks accounted for 72.2 per cent of the residential mortgage loans outstanding in the third quarter of 2010, up from 70.9 per cent in the third quarter of 2009. After growing throughout the 1980s and 1990s, the chartered banks share of residential mortgage loans has stabilized over the past 10 years, remaining in the 70 to 72 per cent range.

Credit unions accounted for the second highest proportion of residential mortgage loans in the third quarter of 2010 with 17.8 per cent. This is down from the 18.4 per cent

share recorded in the third quarter of 2009. The share of residential loans held by trusts, life insurance companies and pension funds was relatively unchanged from the same period in 2009. ■

Share of the stock of residential mortgage credit by institution type (%) *

	3Q09	4Q09	1Q10	2Q10	3Q10
Banks	70.9	71.0	71.6	72.1	72.2
Trusts	1.6	1.6	1.6	1.7	1.7
Caisse & Credit Unions	18.4	18.4	17.9	17.7	17.8
Life Insurance Companies	2.4	2.3	2.2	2.1	2.1
Pension Funds	2.4	2.4	2.4	2.3	2.2
Others **	4.4	4.3	4.3	4.2	4.1

* Excludes Special Purpose Vehicles and NHA MBS

** Includes non-depository credit intermediaries

Source: CMHC, Bank of Canada, Statistics Canada.

Indicators Of Mortgage Lending Activity

Mortgage credit outstanding (\$millions)*

	2008	2009	3Q09	4Q09	1Q10	2Q10	3Q10
TOTAL	871,072	936,025	947,522	965,539	974,832	995,163	1,016,626
% change (year-over-year)	12.4	7.5	6.7	6.5	6.7	7.6	7.3
Banks	471,868	452,896	458,124	465,347	474,517	490,581	499,301
Trusts	9,869	10,294	10,420	10,763	10,719	11,290	11,660
Caisse & Credit Unions	110,828	117,558	118,703	120,281	118,935	120,664	123,178
Life Insurance Companies	15,356	15,324	15,228	14,969	14,633	14,441	14,379
Pension Funds	15,393	15,748	15,546	15,591	15,599	15,445	15,154
Others **	30,652	28,164	28,357	28,451	28,470	28,380	28,280
Special Purpose Vehicles	22,356	16,561	15,636	14,133	14,145	13,685	12,819
NHA MBS ***	197,260	281,433	285,509	296,004	297,815	300,677	311,855

* Average for the period, unadjusted

** Includes non-depository credit intermediaries

*** CMHC

NHA and Conventional Mortgage Loans Approved*

		2008	2009	1Q09	2Q09	3Q09	4Q09	1Q10
By Type of Lender								
Banks	\$ millions	160,842	181,226	35,987	55,409	48,389	41,441	46,207
	Units	869,995	965,501	206,850	294,812	250,506	213,333	246,224
Others	\$ millions	54,799	63,206	13,706	19,966	16,255	13,279	18,232
	Units	353,732	384,813	90,405	119,149	95,953	79,306	105,398
TOTAL	\$ millions	215,641	244,432	49,693	75,375	64,644	54,720	64,439
	Units	1,223,727	1,350,314	297,255	413,961	346,459	292,639	351,622

* Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans in some areas.

Source: CMHC NHA loan approval system and Conventional Lending Survey

This Month's Housing Data (SAAR)

	2009	Q1:10	Q2:10	Q3:10	M9:10	M10:10	M11:10
Housing starts, units, 000s							
Canada. Total. All areas	149.1	192.9	199.7	190.7	184.6	167.7	188.1
Per cent change from previous period	-29.4	8.1	3.5	-4.5	-3.1	-9.2	12.2
Canada. Total. Rural areas	18.7	23.1	26.5	23.5	22.7	25.5	24.1
Per cent change from previous period	-21.0	6.9	14.7	-11.3	0.9	12.3	-5.5
Canada. Total. Urban areas	130.4	169.8	173.2	167.2	161.9	142.2	164.0
Per cent change from previous period	-30.4	8.3	2.0	-3.5	-3.7	-12.2	15.3
Canada. Single. Urban areas	60.5	86.3	79.1	69.6	62.9	58.0	62.0
Per cent change from previous period	-18.7	9.2	-8.3	-12.0	-9.0	-7.8	6.9
Canada. Multiple. Urban areas	69.8	83.5	94.1	97.6	99.0	84.2	102.0
Per cent change from previous period	-38.2	7.3	12.7	3.7	0.0	-14.9	21.1
Newfoundland. Total. All areas	3.1	5.4	4.2	3.3	3.1	3.4	3.1
Per cent change from previous period	-6.3	50.0	-22.2	-21.4	-8.8	9.7	-8.8
Prince Edward Island. Total. All areas	0.9	0.5	0.9	0.7	0.5	0.4	1.0
Per cent change from previous period	23.2	-58.3	80.0	-22.2	-50.0	-20.0	150.0
Nova Scotia. Total. All areas	3.4	4.4	4.4	4.6	4.1	4.6	3.1
Per cent change from previous period	-13.7	25.7	0.0	4.5	28.1	12.2	-32.6
New Brunswick. Total. All areas	3.5	4.5	3.6	4.3	2.4	4.9	3.4
Per cent change from previous period	-17.6	25.0	-20.0	19.4	-52.9	104.2	-30.6
Quebec. Total. All areas	43.4	52.5	54.3	50.3	50.1	47.9	42.0
Per cent change from previous period	-9.4	12.2	3.4	-7.4	4.8	-4.4	-12.3
Ontario. Total. All areas	50.4	59.7	64.0	60.8	58.2	45.2	80.3
Per cent change from previous period	-32.9	-0.8	7.2	-5.0	-10.5	-22.3	77.7
Manitoba. Total. All areas	4.2	5.1	5.8	7.0	4.0	3.8	4.7
Per cent change from previous period	-24.6	24.4	13.7	20.7	-34.4	-5.0	23.7
Saskatchewan. Total. All areas	3.9	5.1	5.1	6.2	5.3	4.7	7.2
Per cent change from previous period	-43.4	-3.8	0.0	21.6	-31.2	-11.3	53.2
Alberta. Total. All areas	20.3	28.5	31.2	26.6	27.2	25.3	21.1
Per cent change from previous period	-30.4	-1.0	9.5	-14.7	15.7	-7.0	-16.6
British Columbia. Total. All areas	16.1	27.2	26.2	26.9	29.7	27.5	22.2
Per cent change from previous period	-53.2	27.7	-3.7	2.7	6.8	-7.4	-19.3

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Housing Data, continued (SAAR)*

	2009	Q1:10	Q2:10	Q3:10	M9:10	M10:10	M11:10
Canada. Total. Urban areas	130.4	169.8	173.2	167.2	161.9	142.2	164.0
Newfoundland. Total. Urban areas	2.0	2.6	2.5	2.0	1.9	2.1	1.7
Prince Edward Island. Total. Urban areas	0.7	0.4	0.7	0.5	0.4	0.2	0.8
Nova Scotia. Total. Urban areas	2.8	3.8	3.4	3.9	3.4	3.7	2.5
New Brunswick. Total. Urban areas	2.6	3.1	2.7	3.1	1.6	3.6	2.3
Quebec. Total. Urban areas	37.0	46.1	45.6	41.8	41.4	40.2	34.1
Ontario. Total. Urban areas	47.9	56.6	60.4	57.5	54.9	41.8	77.4
Manitoba. Total. Urban areas	2.8	3.5	3.7	5.3	2.6	1.9	3.1
Saskatchewan. Total. Urban areas	2.9	4.1	3.9	5.0	4.3	3.4	5.5
Alberta. Total. Urban areas	17.7	25.4	27.2	24.4	25.0	21.3	17.6
British Columbia. Total. Urban areas	13.8	24.2	23.1	23.7	26.4	24.0	19.0

* Thousands of units, quarterly and monthly data are seasonally adjusted and annualized

This Month's Major Housing Indicators

	2009	Q1:10	Q2:10	Q3:10	M9:10	M10:10	M11:10
New Housing							
New & unoccupied singles & semis, units 000s	7.4	5.3	5.4	5.0	5.1	5.3	5.7
Per cent change from same period previous year	-1.9	-40.2	-36.3	-25.9	-17.7	-9.5	-1.0
New & unoccupied row & apartments, units 000s	12.3	13.5	13.4	13.7	13.4	13.7	13.8
Per cent change from same period previous year	29.4	19.9	11.7	6.3	4.4	5.8	8.3
New House Price Index, 1997=100	154.6	156.8	157.9	158.2	158.5	158.6	n.a.
Per cent change from same period previous year	-2.3	0.9	2.9	2.8	2.7	2.5	n.a.

Existing Housing

MLS[®] resales*, units 000s	465.3	518.6	449.4	393.5	409.6	431.2	451.9
Per cent change from same period previous year	7.7	46.2	-2.4	-22.4	-19.6	-19.4	-16.2
MLS[®] average resale price**, 000s	320.3	342.0	339.5	332.0	334.8	339.0	345.2
Per cent change from same period previous year	5.0	19.3	9.1	0.8	0.5	-0.6	1.4

Mortgage Market

Posted 1-Year Mortgage Rate, % (period average)	4.02	3.60	3.70	3.37	3.30	3.20	3.35
Posted 5-Year Mortgage Rate, % (period average)	5.63	5.58	6.04	5.52	5.39	5.29	5.44

SOURCE: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association

n.a. Figures not available

* Quarterly and monthly data are seasonally adjusted and annualized (SAAR).

** Annual data is actual. Monthly and quarterly data is seasonally adjusted.

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