

# HOUSING NOW

## Canada



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: May 2012

## Canadian Market Overview

### New Home Market

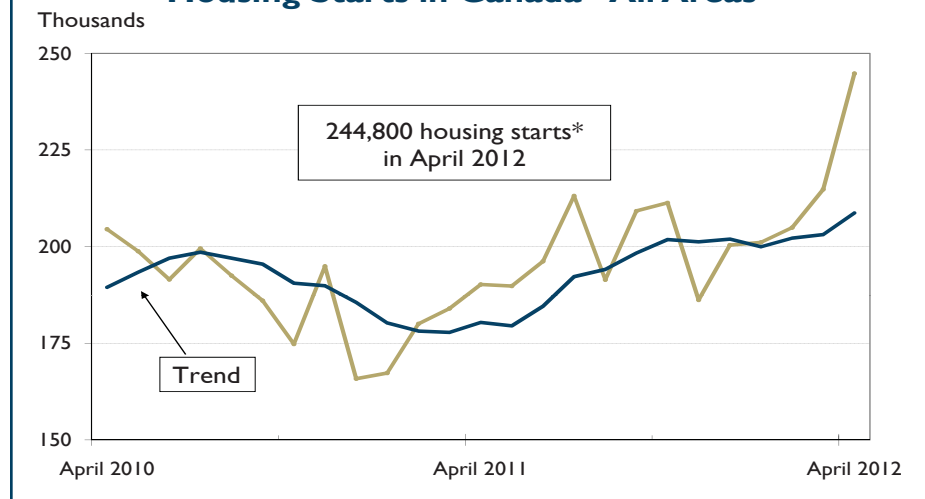
#### *Housing starts increased in April*

The seasonally adjusted annual rate<sup>1</sup> of housing starts was 244,800 units in April, up 14.0 per cent from 214,800 units in March. The increase posted in April was largely due to an increase in multiple housing

starts. The increase in this segment is partly a reflection of the high level of pre-sales in large multi-unit projects since 2011, which is in line with job gains over the last year. However, looking past the considerable swings in monthly estimates, the trend rate has

Figure 1

#### Housing Starts in Canada - All Areas\*



Source: CMHC

\*Seasonally adjusted at annual rates

<sup>1</sup>All 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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been rising slowly to 208,700 units in April.

### **Urban single starts slightly increased in April, while multiple starts posted significant gains**

The seasonally adjusted annual rate of total urban<sup>2</sup> starts increased by 17.9 per cent to 226,100 units in April compared to 191,700 units in March. While urban single starts slightly increased by 0.4 per cent to 67,600 units, urban multiple starts posted strong gains, increasing 27.4 per cent to 158,500 units in April.

### **Urban starts increased in all regions**

In April, the seasonally adjusted annual rate of urban starts increased in Québec (56.5 per cent), Ontario (12.2 per cent), British Columbia (6.3 per cent), the Prairie region (6.0 per cent), and in Atlantic Canada (2.6 per cent).

The seasonally adjusted annual rate of rural starts was 18,700 units in April compared to 23,100 units in March.

### **Stock of new and unoccupied units**

The stock of unoccupied new housing units has been stable over the past year, indicating

continued strength in demand for newly constructed homes.

Over a longer time frame, the stock of unoccupied new units needs to be assessed relative to the stock of all housing, occupied and unoccupied, new and existing. However, in the absence of up-to-date estimates of the stock of all housing, population estimates can be used. Currently, the ratio of the stock of unoccupied new units to population is close to the historical average.

In the first quarter of 2012, the total level of housing inventory<sup>3</sup> per 10,000 population stood at 5, close its 1982 - 2012 average (4.8). As for the inventory of

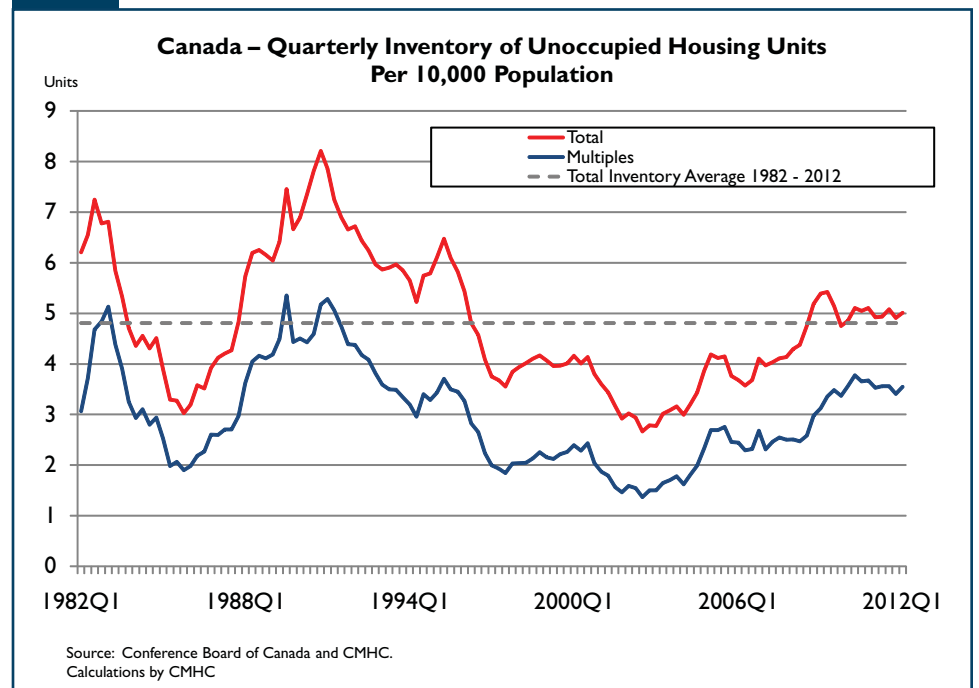
multiple units, the level recorded in the first quarter of 2012 was 3.5, slightly above its historical average of 3 unoccupied units per 10,000 population, while the inventory of single and semi-detached units was 1.5, below its historical average.

### **New housing price index was up in March**

The New Housing Price Index (NHPI) increased 2.6 per cent in March 2012 compared to March 2011. This is up from the 2.3 per cent, year-over-year increase that was observed in February 2012.

New home prices increased in 17 out of 21 centres. The largest

Figure 2



<sup>2</sup>Urban centres are defined as centres with a population of over 10,000. CMHC surveys urban centres 10,000-49,999 at the end of every quarter. Months which are not at the end of a quarter are thus estimates.

<sup>3</sup>The inventory of housing units is defined as the level of newly constructed and unoccupied units. Units under construction are not taken into account in this inventory because some units under construction are pre-sold.

increases in the NHPI were in Toronto and Oshawa (6.2 per cent), followed by Regina (5.7 per cent) and Winnipeg (4.2 per cent). Declines were registered in Victoria (-3.0 per cent), Vancouver (-0.6 per cent), St. John's (-0.3 per cent) and Saint John, Fredericton and Moncton (-0.2 per cent).

## Existing Home Market

### **MLS® sales increased in April**

The seasonally adjusted annual rate of MLS® (Multiple Listing Service®) sales increased 0.8 per cent to 489,960 units in April, compared to 486,036 units in March 2012.

### **MLS® new listings slightly decreased in April**

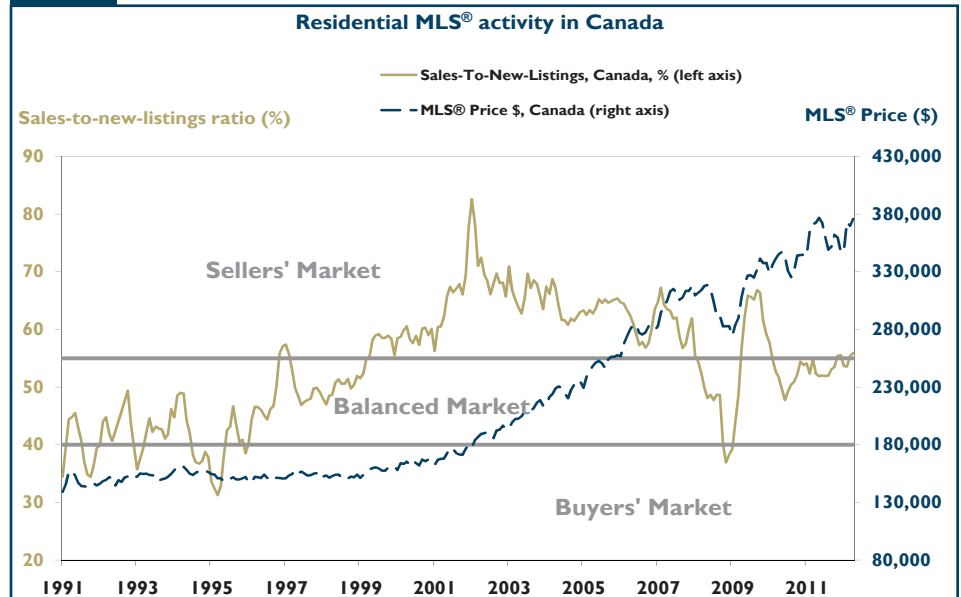
The seasonally adjusted annual rate of MLS® new listings in April was 876,156, a decrease of 0.2 per cent from 877,608 in March.

### **The Sales-to-New-Listings ratio into a balanced-to-sellers' market**

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio<sup>5</sup>. New listings are a gauge of the supply of existing homes, while MLS® sales are a proxy for demand.

In April, the increase of home sales caused sales-to-new-

Figure 3



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

listings ratio for Canada to rise to 55.9 per cent, from 55.4 per cent. Fifty-five percent is commonly viewed as the threshold between balanced and sellers' market conditions.

### **MLS® price slightly increased in April**

The national April seasonally adjusted average MLS® price slightly increased by 0.3 per cent to \$368,550 from \$367,599 in March. In April, the unadjusted MLS® average price increased 0.9 per cent to \$375,810 from \$372,608 a year ago.

Earlier this year the Canadian Real Estate Association (CREA) launched a house price index

that uses statistical techniques to control for changes over time in the types and quality of homes that are sold. According to this new measure, house prices in the markets covered<sup>6</sup> increased 5.2 per cent between April 2011 and April 2012, similar to the two previous months and one of the smallest since last August. Toronto posted the largest year-over-year increase (7.9 per cent), followed by Calgary (4.0 per cent), Vancouver (3.7 per cent), the Fraser Valley (2.7 per cent), and Montreal (2.3 per cent).

<sup>4</sup>Multiple Listing Service (MLS®) is a registered trademark owned by the Canadian Real Estate Association

<sup>5</sup>Taking 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.

<sup>6</sup>The MLS® Home Price Index is based on single family, townhouse/row unit, and apartment unit sales activity in Greater Vancouver, Fraser Valley, Calgary, Greater Montreal, and Greater Toronto.

## Economic conditions

According to Statistics Canada, seasonally adjusted employment increased by 58,000 between March and April. The gain in full-time employment reached 43,900 while 14,300 jobs were added in part-time employment. This was the second consecutive month of noticeable gains after four months of little change.

Among the provinces, month-over-month gains were distributed as follows: Québec (23,300 jobs), British Columbia (19,700 jobs), Alberta (10,700 jobs), Saskatchewan (6,800 jobs), New Brunswick (4,500 jobs), Newfoundland and Labrador (3,900 jobs) and Prince Edward Island (1,000 jobs). Meanwhile, month-over-month decreases were distributed as follows: Ontario (-7,700 jobs), Nova Scotia (-2,100 jobs) and Manitoba (-1,800 jobs).

Statistics Canada reported that the increase posted in April in the participation rate brought the unemployment rate up 0.1 percentage points to 7.3 per cent.

Compared with 12 months earlier, employment was up 1.2 per cent or 214,000. All of the growth over the 12 months was in full-time work, up 217,000 (+1.6 per cent), while part-time employment was unchanged.

Statistics Canada's Consumer Price Index, which is a measure of inflation, rose 2.0 per cent in the 12 months to April, following a 1.9 per cent increase in March. Core inflation, which excludes the eight most volatile

items and the effect of changes in indirect taxes, rose 2.1 per cent in the 12 months to April, following a 1.9 per cent increase in March.

On April 17th, the Bank of Canada announced that it would maintain the Target for the Overnight Rate unchanged at 1.0 per cent. Economic momentum is slightly firmer than expected, thanks to the U.S. recovery being more resilient and financial conditions more supportive than anticipated.

However, as a result of the reduced slack in the economy, which the Bank of Canada expects to return to full capacity in the first half of 2013, and the higher gasoline prices, the profile for inflation is expected to be somewhat firmer than anticipated previously.

The next interest rate announcement of the Governing Council of the Bank of Canada is scheduled to take place on June 5th, 2012. ■

## This Month's Housing Data (SAAR)

	2011	Q3:11	Q4:11	Q1:12	M02:12	M03:12	M04:12
<b>Housing starts, units, 000s</b>							
<b>Canada. Total. All areas</b>	<b>194.0</b>	<b>205.3</b>	<b>199.7</b>	<b>204.4</b>	<b>204.9</b>	<b>214.8</b>	<b>244.8</b>
Per cent change from previous period	2.1	5.5	-2.7	2.4	1.9	4.8	14.0
<b>Canada. Total. Rural areas</b>	<b>19.6</b>	<b>22.8</b>	<b>20.6</b>	<b>18.8</b>	<b>20.5</b>	<b>23.1</b>	<b>18.7</b>
Per cent change from previous period	-17.5	20.6	-9.6	-8.7	-11.6	12.7	-19.0
<b>Canada. Total. Urban areas</b>	<b>174.4</b>	<b>182.5</b>	<b>179.1</b>	<b>185.6</b>	<b>184.4</b>	<b>191.7</b>	<b>226.1</b>
Per cent change from previous period	4.9	3.9	-1.9	3.6	3.7	4.0	17.9
<b>Canada. Single. Urban areas</b>	<b>67.1</b>	<b>69.6</b>	<b>67.5</b>	<b>66.4</b>	<b>69.4</b>	<b>67.3</b>	<b>67.6</b>
Per cent change from previous period	-9.6	2.2	-3.0	-1.6	4.7	-3.0	0.4
<b>Canada. Multiple. Urban areas</b>	<b>107.3</b>	<b>112.9</b>	<b>111.6</b>	<b>119.2</b>	<b>115.0</b>	<b>124.4</b>	<b>158.5</b>
Per cent change from previous period	16.7	4.9	-1.2	6.8	3.0	8.2	27.4
<b>Newfoundland. Total. All areas</b>	<b>3.5</b>	<b>3.6</b>	<b>3.2</b>	<b>3.5</b>	<b>2.6</b>	<b>3.0</b>	<b>4.1</b>
Per cent change from previous period	-3.3	-2.7	-11.1	9.4	-52.7	15.4	36.7
<b>Prince Edward Island. Total. All areas</b>	<b>0.9</b>	<b>1.3</b>	<b>1.2</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>1.1</b>
Per cent change from previous period	24.3	62.5	-7.7	-58.3	-16.7	-20.0	175.0
<b>Nova Scotia. Total. All areas</b>	<b>4.6</b>	<b>5.5</b>	<b>4.9</b>	<b>3.9</b>	<b>4.4</b>	<b>4.3</b>	<b>2.5</b>
Per cent change from previous period	7.8	31.0	-10.9	-20.4	37.5	-2.3	-41.9
<b>New Brunswick. Total. All areas</b>	<b>3.5</b>	<b>4.1</b>	<b>3.8</b>	<b>2.5</b>	<b>1.7</b>	<b>1.8</b>	<b>2.3</b>
Per cent change from previous period	-15.8	20.6	-7.3	-34.2	-48.5	5.9	27.8
<b>Quebec. Total. All areas</b>	<b>48.4</b>	<b>49.4</b>	<b>48.1</b>	<b>40.8</b>	<b>47.5</b>	<b>43.9</b>	<b>62.8</b>
Per cent change from previous period	-5.8	1.4	-2.6	-15.2	35.7	-7.6	43.1
<b>Ontario. Total. All areas</b>	<b>67.8</b>	<b>71.2</b>	<b>66.8</b>	<b>79.0</b>	<b>67.3</b>	<b>87.3</b>	<b>97.6</b>
Per cent change from previous period	12.2	0.7	-6.2	18.3	-16.3	29.7	11.8
<b>Manitoba. Total. All areas</b>	<b>6.1</b>	<b>6.5</b>	<b>7.3</b>	<b>6.8</b>	<b>6.3</b>	<b>7.6</b>	<b>4.8</b>
Per cent change from previous period	3.3	10.2	12.3	-6.8	-32.3	20.6	-36.8
<b>Saskatchewan. Total. All areas</b>	<b>7.0</b>	<b>8.1</b>	<b>7.4</b>	<b>8.8</b>	<b>11.2</b>	<b>8.4</b>	<b>8.5</b>
Per cent change from previous period	19.0	15.7	-8.6	18.9	16.7	-25.0	1.2
<b>Alberta. Total. All areas</b>	<b>25.7</b>	<b>27.4</b>	<b>30.4</b>	<b>31.0</b>	<b>32.1</b>	<b>35.5</b>	<b>37.3</b>
Per cent change from previous period	-5.1	16.6	10.9	2.0	23.9	10.6	5.1
<b>British Columbia. Total. All areas</b>	<b>26.4</b>	<b>28.2</b>	<b>26.6</b>	<b>27.6</b>	<b>31.3</b>	<b>22.6</b>	<b>23.8</b>
Per cent change from previous period	-0.3	5.6	-5.7	3.8	10.6	-27.8	5.3

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)\*

	2011	Q3:11	Q4:11	Q1:12	M02:12	M03:12	M04:12
<b>Housing starts, units, 000s</b>							
<b>Canada. Total. Urban areas</b>	174.4	182.5	179.1	185.6	184.4	191.7	226.1
<b>Newfoundland. Total. Urban areas</b>	2.3	2.5	2.0	2.4	2.0	2.2	3.4
<b>Prince Edward Island. Total. Urban areas</b>	0.7	1.0	0.8	0.3	0.4	0.3	1.0
<b>Nova Scotia. Total. Urban areas</b>	4.1	4.8	4.4	3.2	3.5	3.7	1.8
<b>New Brunswick. Total. Urban areas</b>	2.5	2.9	2.5	1.9	1.5	1.5	1.7
<b>Quebec. Total. Urban areas</b>	41.8	42.5	41.0	34.8	42.1	35.2	55.1
<b>Ontario. Total. Urban areas</b>	65.2	68.5	64.1	77.1	65.3	85.0	95.4
<b>Manitoba. Total. Urban areas</b>	4.2	4.1	5.2	4.3	3.2	4.2	3.2
<b>Saskatchewan. Total. Urban areas</b>	5.7	5.6	6.4	7.0	7.9	6.2	7.1
<b>Alberta. Total. Urban areas</b>	23.6	24.7	28.3	28.9	29.5	32.6	35.3
<b>British Columbia. Total. Urban areas</b>	24.3	25.9	24.4	25.7	29.0	20.8	22.1

SOURCE: CMHC, Starts & Completions Survey. All quarterly and monthly 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 Major Housing Indicators

	2011	Q3:11	Q4:11	Q1:12	M02:12	M03:12	M04:12
<b>New Housing</b>							
<b>New &amp; unoccupied singles &amp; semis, units 000s</b>	5.8	5.6	6.0	6.1	6.3	6.1	5.9
Per cent change from same period previous year	8.9	12.7	7.7	4.3	6.6	4.2	3.5
<b>New &amp; unoccupied row &amp; apartments, units 000s</b>	13.2	13.6	12.9	13.2	13.1	13.1	13.0
Per cent change from same period previous year	-2.8	-1.2	-5.9	-3.1	-4.3	1.6	3.1
<b>New House Price Index, 2007=100</b>	105.5	105.8	106.4	107.0	107.0	107.3	n.a.
Per cent change from same period previous year	2.2	2.3	2.5	2.4	2.3	2.6	n.a.

## Existing Housing

<b>MLS® resales*, units 000s</b>	457.3	454.4	471.4	473.1	472.3	486.0	490.0
Per cent change from same period previous year	2.4	13.2	7.3	3.1	3.1	6.9	11.0
<b>MLS® average resale price**, 000s</b>	363.1	361.6	360.6	368.5	374.3	367.6	368.6
Per cent change from same period previous year	7.1	8.3	3.9	1.0	1.9	-0.6	0.6

## Mortgage Market

<b>Posted 1-Year Mortgage Rate, % (period average)</b>	3.52	3.50	3.50	3.30	3.20	3.20	3.20
<b>Posted 5-Year Mortgage Rate, % (period average)</b>	5.37	5.32	5.29	5.26	5.24	5.24	5.44

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

n.a. Figures not available.

\* Annual data is actual. Quarterly and monthly data are seasonally adjusted and annualized (SAAR).

\*\* Annual data is actual. Quarterly and monthly data is seasonally adjusted.



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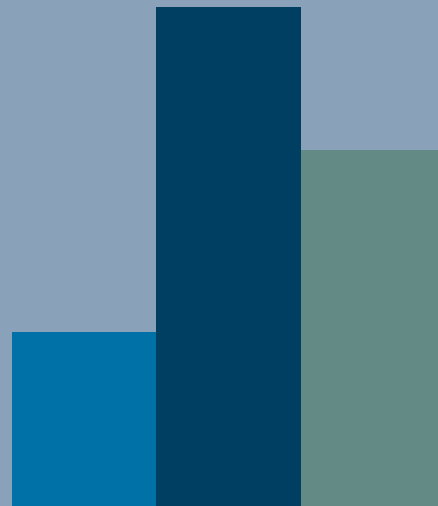
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