HOUSING MARKET INFORMATION

HOUSING MARKET OUTLOOK
Kitchener-Cambridge-Waterloo and Guelph CMAs

CANADA MORTGAGE AND HOUSING CORPORATION

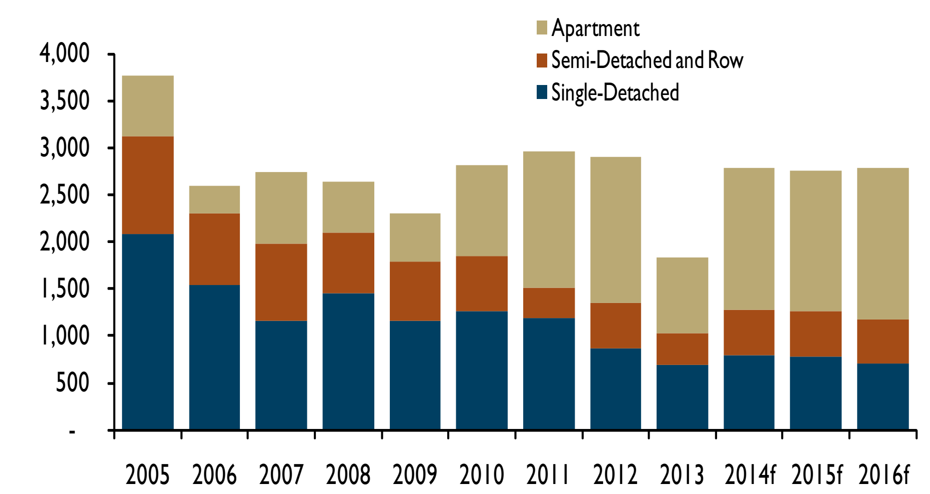
Date Released: Fall 2014

Kitchener-Cambridge-Waterloo Highlights

- Housing starts to be near historical average through 2016
- Less expensive resale demand will hold up better
- The resale home market will be balanced with price growth slowing
- The average vacancy rate will increase in 2014 and remain steady in 2015

Figure 1

Strong Apartment and Row Starts to Continue in KCW



Source: CMHC forecasts

The forecasts included in this document are based on information available as of October 22, 2014.

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New Home Market: Fewer Apartment Starts in 2015

Housing starts in 2015 in the Kitchener-Cambridge-Waterloo Census Metropolitan Area (CMA), hereafter written KCW, are expected to move lower as apartment starts decline from record levels, but remain strong. Townhouse starts are expected to remain strong. Housing starts in 2016 are expected to be little changed from the 2015 level. Total housing starts will be significantly higher in 2014 as starts for all housing types will increase. The story in 2014 is the strong growth in starts for townhouses and apartments. By the end of the year, townhouse starts will increase by slightly more than 40 per cent, while apartment starts will more than double. Strong demand for new homes in the $250,000 to $350,000 range has increased sales of townhouses and condominium apartments. Rental apartment starts will also be higher as demand from students, immigrants, and young tech-workers increases.

Construction of single-detached homes will edge slightly lower in 2015 and 2016. Developers' costs continue to rise, making it more difficult for them to offer single-detached homes at a lower price point. Although prices will grow by less than one per cent in both 2015 and 2016, demand will soften for higher-priced detached homes as mortgage rates rise. High-end homes in the resale market are taking longer to sell indicating less demand resulting in less spill-over to the new home market and fewer detached starts. In addition, a slight build-up of unsold inventory in the past few months compared to a year ago may cause developers to slow down single-detached construction in 2015. Single-detached starts will increase 16 per cent in 2014 as builders have responded to the demand for more modestly-priced detached homes. The average price for new single-detached homes will decline by slightly less than two per cent in 2014 due to the mix of homes sold as the proportion of the homes reaching completion priced between $300,000 and $400,000 will increase while the proportion which had prices above $400,000 will decrease.

Strengthening demand in the lower price ranges will translate to stable townhouse starts and slightly more condominium apartment starts in both 2015 and 2016. Based on trends in the resale market, the strongest demand for new homes is for homes priced from $250,000 to $350,000. Developers have responded by producing more new homes in this range. In KCW, most new homes in this range are condominium apartments and townhouses. Builders offering townhouses are experiencing the most traffic. Townhouse and condominium apartment starts will more than double in 2014.

Condominium apartment starts will remain strong through 2016. Construction of the LRT (ION) will commence in the fourth quarter of 2014, with completion estimated for 2017. Developers have already purchased most of the land around future LRT stops in anticipation of demand for new commercial space and housing. New mixed-use developments will include residential apartments with commercial space on the main floor. Condominium apartment starts have already occurred in this area and several more buildings are planned.

Rental apartment starts will decline in 2015 and 2016 as the supply of student housing already under construction and the few planned projects which will start in the next two years will be enough to meet the increased demand. Rental apartment construction has picked up in 2014, both in the Northdale area and other areas of KCW. Expansion projects at the post-secondary institutions will allow them to increase student enrolment. As a result, builders are adding more student rental housing in the Northdale neighbourhood. In the same area, there are a few new condominium apartment projects where a majority of the units have been purchased by investors from outside Waterloo Region, potentially adding to the rental stock.

Resale Market: Stronger Price Growth in a Balanced Market

Sales through the Kitchener-Waterloo Association of Realtors® will increase in 2015, but decline slightly in 2016. Sales activity will be impacted by the timing of any mortgage rate changes. Existing home sales in 2014 will increase slightly from the 2013 level. Buyers who stayed on the sidelines in the first quarter due to the harsh winter conditions returned in the second and third quarters, pushing the seasonally-adjusted annualized sales rate above 7,000. However, demand will slow in the fourth quarter as most buyers who put off buying in the first quarter have already bought. Sales will reach 6,550 by year's end, up 1.3 per cent from 2013. Continuing low mortgage rates, steady employment growth and migration will support sales this year.

Mortgage rates will remain low and relatively unchanged until later in 2015. In advance of anticipated mortgage rate increases, annualized sales will increase in the first half of 2015. Mortgage rates creeping higher will effectively neutralize the impact of stronger employment in 2016.

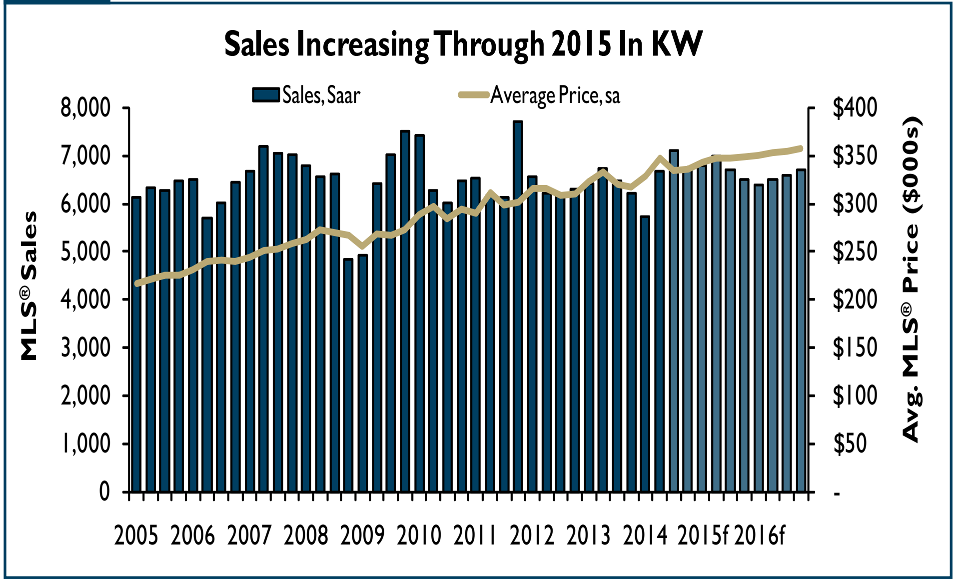
Employment will continue to support housing demand. Job growth continues, but will slow to 0.2 per cent this year. Stronger employment for the 25-44 age group has meant more first-time buyers. An increase in full-time jobs has supported housing demand. A stronger economy in 2015 will create more jobs in KCW, supporting the increase in sales in 2015.

Migration will support housing demand; however, the number of households migrating to KCW will not be increasing but remain fairly constant through 2016. According to industry contacts, some tech workers prefer to live in Toronto, while working in KCW.

Slightly above 40 per cent of homes sold on the resale market were priced between $250,000 and $350,000. The most popular dwelling type within that price range is smaller single-detached homes. Demand for these homes is coming from first-time buyers, younger move-up buyers upgrading from an apartment or row house and empty-nesters downsizing from larger and more expensive detached houses. Empty nesters are downsizing as a lifestyle choice, not out of financial necessity. High-end existing homes priced over $500,000 are sitting on the market longer. Demand for higher-end homes has softened due to households being smaller, the elimination of a number of executive level positions at IT companies and stricter criteria for mortgage qualification.

Existing homeowners will be more encouraged to list their homes for sale after seeing prices appreciate

Figure 2



Source: CMHC forecasts, adapted from CREA (MLS®)
Note: Sales are seasonally adjusted and are multiplied by 4 to show an annual rate. Prices are seasonally adjusted. MLS® is a registered trademark of the Canadian Real Estate Association

in the first half of 2014. Therefore, expect stronger growth in new listings later this year and into 2015. However, the resale market will remain balanced. Prices grew above inflation in the first half of 2014, as sales increased more than new listings. Prices have stabilized in the third quarter, as more first-time buyers and buyers looking for more moderately priced homes entered the market. Overall, the average price will increase to $337,000 in 2014, up 3.8 per cent from 2013. Housing demand will increase in the first half of 2015, and move prices up faster early in the year. However, as demand slows in the second half of 2015, price growth will slow. On an annual basis, price growth will be lower in 2015, at three per cent. Price appreciation will be close to two per cent in 2016 as demand slows.

Although wage growth in 2015 is still expected to be slightly lower than price growth, affordability will also be impacted by higher prices and higher mortgage rates later in the year which will lead to a greater increase in carrying costs. Carrying costs for the average home will increase slightly faster than average wages in 2014, making homeownership less affordable. However, homeownership still remains relatively affordable in KCW, in comparison to some other large markets in Ontario.

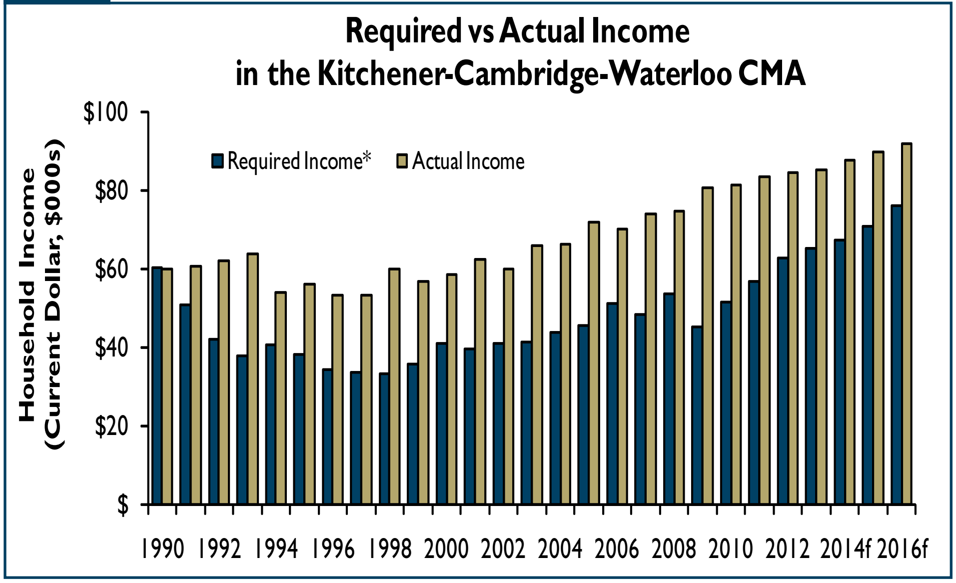
Rental Market: Vacancy Rate to Increase in 2014

The vacancy rate will increase to 3.2 per cent in 2014, as the supply of rental housing will increase more than rental demand. There will be an increase in rental completions in 2014, including both purpose-built apartments and student housing, as well as more condominium units available for rent. Rental demand will increase slightly this year. The increase in enrolment at the three post-secondary institutions in KCW will generate more renters. Fewer renters will make the transition into homeownership, as the cost of owning will increase more than the cost of renting since the Ontario Rent Review Guideline is much lower in 2014 at 0.8 per cent. The rent for existing tenants in buildings built before 1990 cannot increase more than this guideline. Increasing employment and migration will support rental demand. Waterloo Region attracts a steady number of immigrant and young households which tend to rent on first arrival in the Region.

In 2015 the vacancy rate will remain at 3.2 per cent. Although rental supply will continue to increase, demand will also increase due to higher employment for young adults, migration and student enrolment. In the first half of 2015, the number of first-time buyers exiting the rental market will increase slightly prior to mortgage rate increases. A widening gap between the cost of renting and cost of owning will make the transition from rental to homeownership more difficult in the second half. In 2016, with affordability eroding and most of the student rentals already completed, demand will outpace supply and the vacancy rate will decline to three per cent.

A number of new privately-initiated student rental apartments are being constructed in the Northdale neighbourhood as both the University of Waterloo and Wilfrid Laurier University are expanding. Northdale is undergoing a makeover, whereby older buildings geared to student rentals are being demolished and replaced by new privately-initiated structures and commercial/retail units. Condominium apartments bought by investors and geared to students will add to the supply in this area. If the growth in demand for student rentals is not as strong as expected, there is a risk that

Figure 3



Source: CMHC, Statistics Canada, CREA. *Required income is mortgage carrying costs divided by 0.32 to reflect the usual 32 percent gross debt service ratio. Mortgage carrying costs are calculated on the average MLS® price, a 10 per cent down payment, the fixed five-year mortgage rate and the longest available amortization.

the increased supply could cause the vacancy rate to increase more than expected. Waterloo Region already has one of the largest concentrations of post-secondary students in Ontario, and it will increase as both the University of Waterloo and Wilfrid Laurier University are expanding.

Economic Trends: Employment Edges Higher in 2014

The economy will support housing demand through 2016. The unemployment rate will edge lower, as employment growth will outpace growth in the labour force.

Although layoffs at several local employers have made headlines in the last few years, employment in KCW has continued to increase. KCW's diverse economy has weathered the storm. Employment growth is expected to be subdued in 2014, but increase to two per cent in 2015.

Information and Communication Technology workers (ICT) are remaining in Waterloo Region. IT workers let go in downsizing have found jobs with other tech companies. However, many of these jobs were at lower wages which may impact sales of higher-end homes. The ICT industry continues to attract investment from both the private and public sector due to the high quality graduates produced by the University of Waterloo. There has been a large increase in the number of start-up companies. Established firms such as Google are planning to expand their operations in Waterloo and create more jobs. Open Text has agreed to invest $2 billion in its Ontario operations over the next seven years, with the majority of jobs to be added in Waterloo.

Both residential and non-residential construction projects will create jobs in 2014 and in the years ahead, boosted by commercial and apartment construction near the LRT. In addition to greater employment in non-residential construction, manufacturing employment is expected to continue to increase. Approximately 20 per cent of employment in KCW is manufacturing jobs. Stronger US economic growth and a weaker Canadian dollar will lead to stronger demand for goods produced in KCW. Some of the CMAs largest manufacturing sectors such as transportation equipment and machinery will be the benefactors. Production at some of Waterloo Region's manufacturers has already been positively affected by strengthening demand out of the US, leading to job creation, although, the transportation sectors has not seen growth yet.

Higher paying manufacturing jobs are being created in sectors that are not typically associated with Waterloo Region, such as pharmaceuticals, chemicals, and industrial goods. These jobs require a higher level of technical expertise than traditional manufacturing jobs. Food and beverage manufacturing will remain one of the largest employers in the Region, even after the Schneiders meat processing plant closes.

Expansion of the University of Waterloo and Wilfred Laurier will continue into 2015, creating education jobs, construction jobs, and demand for student rentals.

Trends at a Glance

Key Factors and Their Effects on Housing Starts	
Mortgage Rates	Mortgage rates are expected to remain at historical low levels which will continue to support housing demand. Rates are expected to edge up towards the end of 2015.
Employment	Employment in KCW will marginally increase by 0.2 per cent in 2014, but increase by 1.9 per cent in 2015 and by 1.4 per cent in 2016. Stronger employment will increase housing demand.
Income	Average incomes will grow by about 2.5 per cent a year through 2016. Income growth will be above price growth in 2015 and 2016.
Net Migration	Positive net migration will continue to stimulate demand for all types of housing, specifically rental accommodation. Slightly more in-migration in 2015 will provide greater support to housing demand.
Resale Market	Sales will increase by 1.3 per cent to 6,550 in 2014. Sales will increase by 3.1 per cent to 6,750 in 2015, but decline by 3.0 per cent in 2016 to 6,550. The market will be balanced. A gradual increase in listings will moderate price gains.

Guelph Highlights

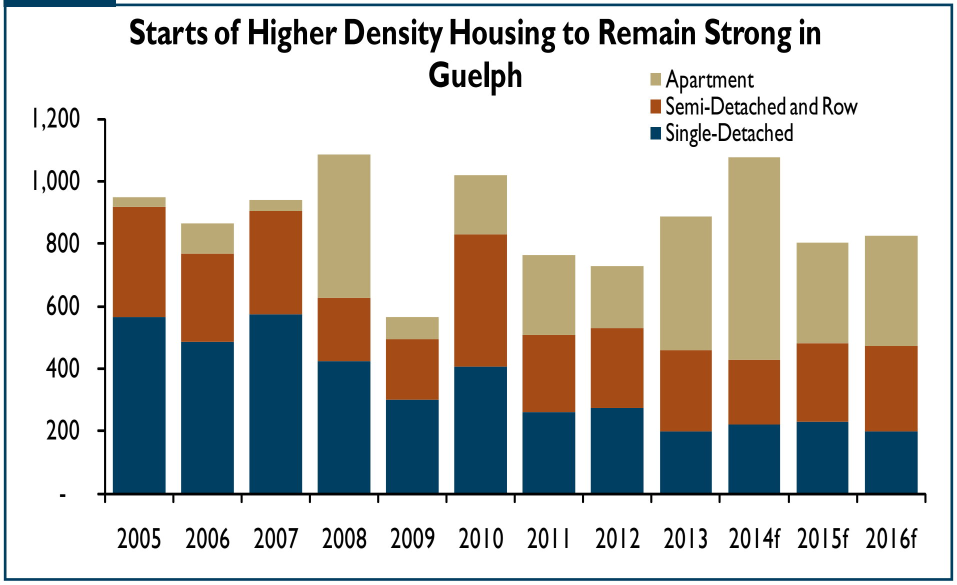
- Starts will be lower in 2015 after record starts in 2014
- Existing home sales will increase in 2015 and remain stable in 2016
- Prices will continue to trend higher, but the rate of growth will slow
- The rental market will remain tight with the vacancy rate edging higher in 2015

New Home Market: Starts Lower in 2015

Starts will decline in 2015 as apartment starts pull back from the strong level in 2014. Starts will remain stable in 2016. Apartment starts will make up the largest share of new home construction in 2014 and 2015. With the shortage of registered lots, developers have turned to infill construction, mostly higher-density townhouses and apartments, which is in line with the City of Guelph's intensification targets and Places to Grow. Starts will increase strongly in 2014, up 21 per cent from 2013. Although single-detached starts will edge higher, the story in 2014, as was the case in 2013, is the increase in apartment construction. Due to a tight resale market, demand is strong for new homes. However, with limited available land, starts of ground-oriented dwellings have been limited.

The City of Guelph is expected to register slightly more than 1,500 units in eight phases of plans of subdivision within the greenfield area of the City in 2014 and another 700 units in 2015. These anticipated registrations are well above the average number of dwelling units registered in the last five years. After registration of a plan of subdivision, developers can proceed with obtaining permits and commencing construction.

Figure 4



Source: CMHC forecasts

Single-detached starts are expected to increase only slightly in 2015 as demand will soften for homes in the higher price ranges. Price growth will slow to four per cent in 2015. Single-detached starts will increase slightly in 2014 as more lots are registered by the City of Guelph. With a tight resale market, purchasers unable to find a home are turning to the new construction market to make their purchase. There is no backlog of completed and unsold new homes that would slow down single-detached construction. The average price for single-detached homes will increase by just over nine per cent in 2014 compared to 2013 as significantly more homes with prices above $400,000 are being completed.

Apartment starts will be lower in 2015 and 2016 as developers absorb their current inventory before starting new projects. Price growth of four to five per cent in the resale market will continue to strengthen demand for high-density housing. This will encourage developers to increase apartment starts. Apartment starts will increase by 50 per cent in 2014 as several condominium projects and one rental project commence construction. Demand from empty-nesters and students have supported the increase in apartment starts.

Resale Market: Demand Increases in 2015

Sales in 2015 will be stronger than in 2014. Sales will remain unchanged in 2016, supported by slightly higher employment and migration but negatively impacted by higher mortgage rates. Sales will continue strong through much of 2015, before pulling back slightly as mortgage rates rise later in the year. Stronger employment growth in 2015 will support the resale market. Existing home sales will be virtually unchanged in 2014 from 2013. After a slow start to the year due to the harsh winter weather, buyers have returned to the market and will push sales numbers to the same level as last year. Low mortgage rates and a steady rate of migration will keep demand stable. After trending down in 2013, employment will grow modestly this year. Fewer housing starts than needed for demographic demand in the past few years have kept the Guelph resale market tight.

The existing home market will continue to be a seller's market, but price growth will not be as strong as in recent years. Prices are expected to grow by around four per cent in 2014. Price growth will slow in 2015 and 2016 as demand is impacted by higher mortgage rates. Buyers will be looking for more modestly priced homes as carrying costs rise, eroding affordability. Carrying costs for the average home will increase more than average wages in both 2015 and 2016, making homeownership more expensive each year.

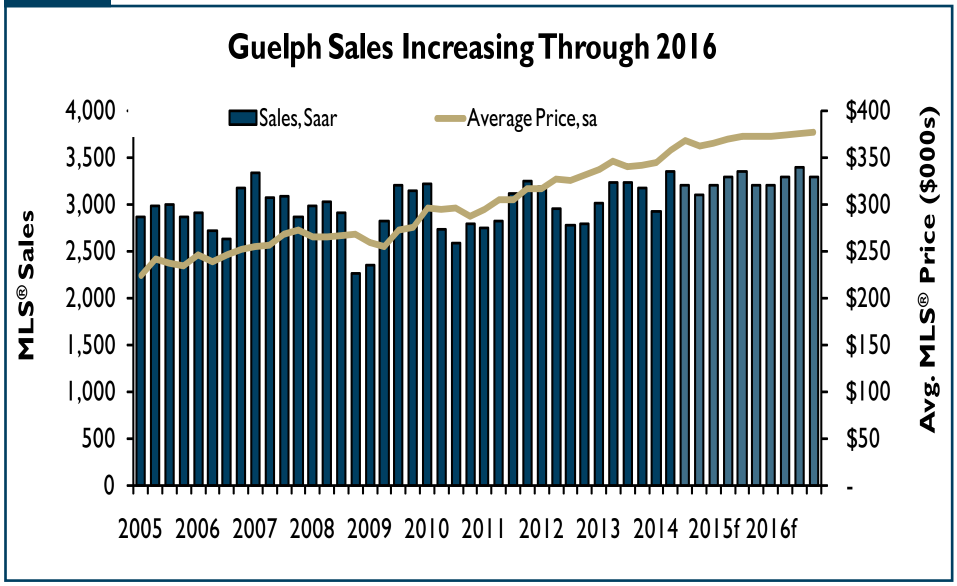
Rental Market: Vacancy Rate to Increase in 2015

Guelph will continue to have one of the tightest rental markets in Ontario. The vacancy rate will remain stable in 2014 at 1.9 per cent as demand remains unchanged and there is relatively no change in the number of rental units.

Existing renters will be encouraged to remain in their units this year as the gap between renting and owning widens. The Ontario Rent Increase Guideline of 0.8 per cent will slow down rent growth that had exceeded the Ontario average in the past few years. On the other hand, condominium apartment completions have increased, and some existing renters will have moved to home ownership. There will also be more renters due to higher student enrolment at the University of Guelph due to the completion of an expansion project. Higher employment in the 15-24 age group will provide support for rental demand.

The vacancy rate will increase in 2015 to 2.1 per cent and decline slightly to 2.0 per cent in 2016. Supply will increase with the completion of a new rental building and the increase in condominium apartment rentals. According to industry contacts, condominium apartment projects near

Figure 5



Source: CMHC forecasts, adapted from CREA (MLS®)
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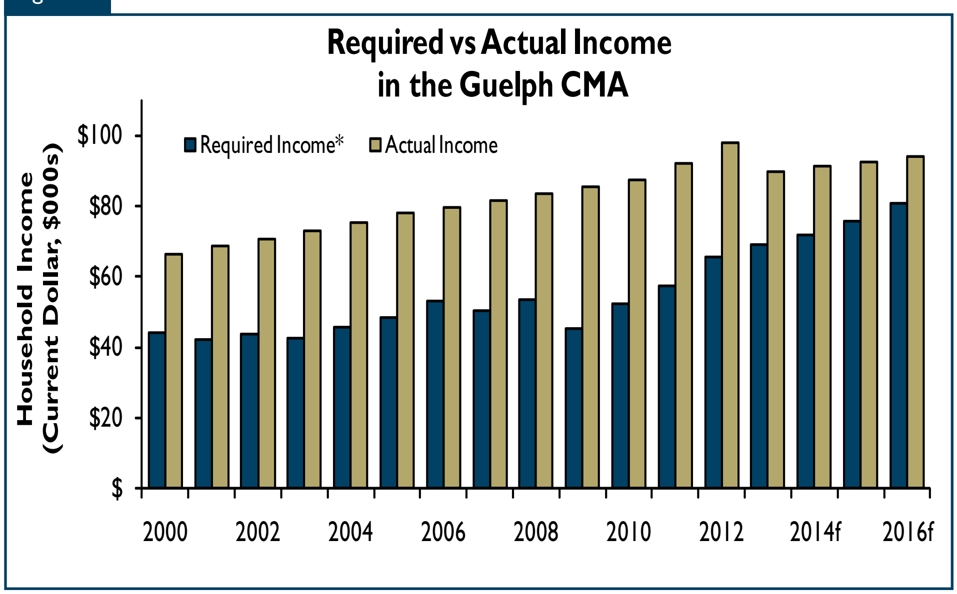
Figure 6



Source: CMHC, Statistics Canada, CREA. *Required income is mortgage carrying costs divided by 0.32 to reflect the usual 32 percent gross debt service ratio. Mortgage carrying costs are calculated on the average MLS® price, a 10 per cent down payment, the fixed five-year mortgage rate and the longest available amortization.

the University of Guelph are being sold to investors who will rent the units to students. These new units will put upward pressure on the vacancy rate. The number of first-time buyers exiting the rental market may increase in the first half of 2015 before the increase in mortgage rates, but by the second half of 2015 the number will have slowed. A widening gap between the cost of renting and cost of owning will make the transition from rental to homeownership more difficult in the second half. On the other hand, stronger employment growth in 2015 will support household formation and increased rental demand.

Economic Trends: Stable Employment this Year

Employment in Guelph will provide support for housing demand. The unemployment rate will be slightly lower this year, as modest growth in employment will exceed growth in the labour force. Both residential and non-residential construction will be a source for jobs. Manufacturing jobs are important to Guelph's economy. More than 20 per cent of employment in Guelph is manufacturing based, with a third of these jobs in the transportation sector. Guelph's large auto parts manufacturing sector should continue to grow, given the upward trend in manufacturing sales in Ontario.

Expect stronger employment growth in 2015 as more Guelph manufacturers benefit from a strengthening US economy and weaker Canadian dollar.

Forecast Risks

This outlook is subject to some risks, including:

- While the outlook for the Canadian housing sector is one of moderate growth in the near term with moderation expected in the medium-term, there are risks to the Canadian housing sector outlook. First, there is some evidence of a short-term build-up of supply in select housing markets, particularly in the multi-unit segment. Second, household debt-levels, while stabilizing, continue to be high relative to historical standards.
- Given that Canada is an open economy, there are a number of global market risks to consider as well that could put added pressure on housing market supply imbalances and the ability of households to service their debt, through their impact on household incomes, employment and lending rates, were they to occur.
- There is a risk of a slowdown in China, with the chance China could miss its 2014 growth targets, coupled with uncertainty regarding the stability of the Chinese banking system.
- In the Euro area, there are deflationary concerns due to prolonged low inflation and a weak growth outlook. As a result, the Euro zone could move to the use of further stimulus measures, like quantitative easing, to encourage economic growth.
- In Japan, recent increases in sales taxes have led to larger than anticipated reductions in economic growth. Declining growth could lead to further stimulus measures taken in Japan.
- There is heightened concern about how renewed geo-political tensions in the Middle East could impact global markets, particularly commodities.
- While the growth forecast for the U.S. has been upgraded from a disappointing first quarter of 2014, there remains uncertainty in regards to the strength of the post-recession recovery in the U.S. A less optimistic economic growth forecast could weaken Canadian economic performance, particularly exports. While Canadian exports are showing signs of recovery, the strength of the recovery is uncertain and could take longer than currently anticipated.
- Recent upward movements in Canadian consumer prices could lead to pressure to raise interest rates earlier than currently anticipated and would likely translate to rising mortgage rates. However, the Bank of Canada has indicated that it expects recent upward price movements to only be temporary, primarily reflecting a weak Canadian dollar. In any case, the BOC noted in its June 2014 Financial System Review that a significant housing market correction would require a market event leading to declining household incomes and rising unemployment. Gradual increases in mortgage rates, in and of themselves, are not expected to have a significant impact on housing demand.
- Canadian debt levels relative to income may leave households vulnerable to adverse shocks

Mortgage Rate Outlook

Mortgage rates are expected to remain unchanged until the latter months of 2015

Consistent with the view of Canadian

economic forecasters, CMHC expects interest rates to remain unchanged until the latter parts of 2015 and then begin to increase gradually. Gradual increases in mortgage rates from historic lows are not expected to significantly impact housing demand.

According to CMHC's base case scenario for 2014, CMHC expects the one-year mortgage rate to be in the 3.00 to 3.25 per cent range, while the five-year rate is forecast to be within the 5.00 to 5.50 per cent range. For 2015, the one-year mortgage rate is expected to be in the 3.20 to 4.00 per cent range, while the five-year rate is forecast to be within the 5.25 to 6.00 per cent range. For 2016, the one-year mortgage rate is expected to be in the 3.70 to 4.60 per cent range, while the five-year rate is forecast to be within the 5.55 to 6.45 per cent range.

Mortgage rates		
1 Year	Q3 2014	3.14
	Change from Q3 2013	0.00
	2014 (F)	3.00 - 3.25
	2015 (F)	3.20 - 4.00
	2016 (F)	3.70 - 4.60
5 Year	Q3 2014	4.79
	Change from Q3 2013	-0.48
	2014 (F)	5.00 - 5.50
	2015 (F)	5.25 - 6.00
	2016 (F)	5.55 - 6.45

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q3 2014 data

Forecast Summary
Kitchener-Cambridge-Waterloo CMA
Fall 2014

	2011	2012	2013	2014(F)	% chg	2015(F)	% chg	2016(F)	% chg
New Home Market									
Starts:									
Single-Detached	1,186	871	690	800	15.9	775	-3.1	700	-9.7
Multiples	1,768	2,029	1,150	2,580	124.3	1,980	-23.3	2,080	5.1
Semi-Detached	38	42	28	30	7.1	30	0.0	30	0.0
Row/Townhouse	286	431	315	450	42.9	450	0.0	450	0.0
Apartments	1,444	1,556	807	2,100	160.2	1,500	-28.6	1,600	6.7
Starts - Total	2,954	2,900	1,840	3,380	83.7	2,755	-18.5	2,780	0.9
Average Price ($):									
Single-Detached	394,169	434,415	481,687	475,000	-1.4	477,000	0.4	479,000	0.4
Median Price ($):									
Single-Detached	369,055	405,860	430,000	424,500	-1.3	426,000	0.4	428,000	0.5
New Housing Price Index (% chg.)	2.9	2.9	0.7	0.5	-	0.5	-	0.5	-
Resale Market									
MLS® Sales	6,641	6,314	6,467	6,550	1.3	6,750	3.1	6,550	-3.0
MLS® New Listings	11,028	11,433	11,234	11,250	0.1	11,350	0.9	11,400	0.4
MLS® Active Listings	2,196	2,362	2,108	2,180	3.4	2,200	0.9	2,225	1.1
MLS® Average Price ($)	301,841	312,418	324,604	337,000	3.8	347,000	3.0	354,000	2.0
Rental Market									
October Vacancy Rate (%)	1.7	2.6	2.9	3.2	0.3	3.2	0.0	3.0	-0.2
Two-bedroom Average Rent (October) ($)	889	908	952	970	1.9	990	2.1	1,010	2.0
Economic Overview									
Mortgage Rate (1 year) (%)	3.52	3.17	3.08	3.00 - 3.25	-	3.20 - 4.00	-	3.70 - 4.60	-
Mortgage Rate (5 year) (%)	5.37	5.27	5.24	5.00 - 5.50	-	5.25 - 6.00	-	5.55 - 6.45	-
Annual Employment Level	276,100	277,300	283,800	284,400	0.2	289,800	1.9	293,900	1.4
Employment Growth (%)	4.7	0.4	2.3	0.2	-	1.9	-	1.4	-
Unemployment rate (%)	6.8	6.6	6.9	6.4	-	6.1	-	5.7	-
Net Migration	2,668	3,194	2,490	2,700	8.4	2,900	7.4	3,000	3.4

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).

Source: CMHC (Starts and Completions Survey, Market Absorption Survey), adapted from Statistics Canada (CANSIM), CREA, Statistics Canada (CANSIM)
NOTE: Rental universe = Privately initiated rental apartment structures of three units and over

Forecast Summary Guelph CMA Fall 2014									
	2011	2012	2013	2014(F)	% chg	2015(F)	% chg	2016(F)	% chg
New Home Market									
Starts:									
Single-Detached	260	275	198	220	11.1	230	4.5	200	-13.0
Multiples	504	456	692	860	24.3	575	-33.1	625	8.7
Semi-Detached	50	44	82	60	-26.8	50	-16.7	50	0.0
Row/Townhouse	197	210	179	150	-16.2	200	33.3	225	12.5
Apartments	257	202	431	650	50.8	325	-50.0	350	7.7
Starts - Total	764	731	890	1,080	21.3	805	-25.5	825	2.5
Average Price ($):									
Single-Detached	436,502	436,385	457,859	500,000	9.2	520,000	4.0	540,000	3.8
Median Price ($):									
Single-Detached	401,290	404,350	418,216	459,000	9.8	477,000	3.9	495,000	3.8
New Housing Price Index (% chg.) (Ont.)	3.6	4.1	2.1	n/a	-	n/a	-	n/a	-
Resale Market									
MLS® Sales	2,982	2,929	3,164	3,150	-0.4	3,300	4.8	3,300	0.0
MLS® New Listings	4,507	4,478	4,796	4,900	2.2	5,100	4.1	5,150	1.0
MLS® Average Price ($)	305,100	325,554	343,564	358,000	4.2	370,000	3.4	375,000	1.4
Rental Market									
October Vacancy Rate (%)	1.1	1.4	1.9	1.9	0.0	2.1	0.2	2.0	-0.1
Two-bedroom Average Rent (October) ($)	903	941	957	970	1.4	985	1.5	1,010	2.5
Economic Overview									
Mortgage Rate (1 year) (%)	3.52	3.17	3.08	3.00 - 3.25	-	3.20 - 4.00	-	3.70 - 4.60	-
Mortgage Rate (5 year) (%)	5.37	5.27	5.24	5.00 - 5.50	-	5.25 - 6.00	-	5.55 - 6.45	-
Annual Employment Level	78,300	79,300	74,200	75,100	1.2	76,500	1.9	77,600	1.4
Employment Growth (%)	3.7	1.3	-6.4	1.2	-	1.9	-	1.4	-
Unemployment rate (%)	5.6	5.5	7.1	7.0	-	6.9	-	6.8	-
Net Migration	914	1,774	1,607	1,650	2.7	1,675	1.5	1,700	1.5

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).
** Percent change > 200%
Source: CMHC (Starts and Completions Survey, Market Absorption Survey), adapted from Statistics Canada (CANSIM), CREA, Statistics Canada (CANSIM)
NOTE: Rental universe = Privately initiated rental apartment structures of three units and over

DEFINITIONS AND METHODOLOGY

New Home Market

Historical home starts numbers are collected through CMHC's monthly **Starts and Completions Survey**. Building permits are used to determine construction sites and visits confirm construction stages. A **start** is defined as the beginning of construction on a building, usually when the concrete has been poured for the whole of the structure's footing, or an equivalent stage where a basement will not be part of the structure.

Single-Detached Start:
The start of a building containing only one dwelling unit, which is completely separated on all sides from any other dwelling or structure.

Semi-Detached Start:
The start of each of the dwellings in a building containing two dwellings located side-by-side, adjoining no other structure and separated by a common or party wall extending from ground to roof.

Row (or Townhouse) Start:
Refers to the commencement of construction on a dwelling unit in a row of three or more attached dwellings separated by a common or party wall extending from ground to roof.

Apartment and other Starts:
Refers to the commencement of construction on all dwellings other than those described above, including structures commonly known as stacked townhouses, duplexes, triplexes, double duplexes and row duplexes.

Average and Median Single Detached Home Prices:
Are estimated using CMHC's **Market Absorption Survey**, which collects home prices at absorption and measures the rate at which units are sold or rented after they are completed. Dwellings are enumerated each month after a structure is completed until full absorption occurs. The term "**absorbed**" means that a housing unit is no longer on the market as it has been sold or rented.

New Home Price Indexes:
Changes in the New Home Price Indexes are estimated using annual averages of Statistics Canada's monthly values for New Housing Price Indexes (NHPI).

Resale Market

Historical resale market data in the summary tables of the Housing Market Outlook Reports refers to residential transactions through the Multiple Listings Services (MLS®) as reported by The Canadian Real Estate Association (CREA). In Quebec, this data is obtained by the Centris® listing system via the Quebec Federation of Real Estate Boards.

MLS® (Centris® in the province of Quebec) Sales:
Refers to the total number of sales made through the Multiple Listings Services in a particular year.

MLS® (Centris® in the province of Quebec) Average Price:
Refers to the average annual price of residential transactions through the Multiple Listings Services.

Rental Market

Rental Market vacancy rates and two bedroom rents information is from Canada Mortgage and Housing Corporation's (CMHC's) October **Rental Market Survey** (RMS). Conducted on a sample basis in all urban areas with populations of 10,000 and more, the RMS targets privately initiated structures with at least three rental units, which. have been on the market for at least three months. The survey obtains information from owners, managers, or building superintendents through a combination of telephone interviews and site visits.

Vacancy Rate:

The vacancy rate refers to the average vacancy rate of all apartment bedroom types. A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Two Bedroom Rent:

The rent refers to the average of the actual amount tenants pay for two bedroom apartment units. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water.

Economic Overview

Labour Force variables include the Annual Employment Level, Employment Growth, Unemployment Rate. Source: Statistics Canada's Labour Force Survey.

Net Migration:

Sum of net interprovincial (between provinces), net intra-provincial (within provinces), net international (immigration less emigration), returning Canadians and temporary (non-permanent) residents as provided to the CANSIM database by Statistics Canada's Demography Division. Sources of inter-provincial and intra-provincial migration data include a comparison of addresses from individual income tax returns for two consecutive years from Canada Revenue Agency (CRA) taxation records. The migration estimates are modelled, with the tax file results weighted to represent the whole population.

CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 65 years.

Together with other housing stakeholders, we help ensure that the Canadian housing system remains one of the best in the world. We are committed to helping Canadians access a wide choice of quality, environmentally sustainable and affordable housing solutions that will continue to create vibrant and healthy communities and cities across the country.

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Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

The Market Analysis Centre's (MAC) electronic suite of national standardized products is available for free on CMHC's website. You can view, print, download or subscribe to future editions and get market information e-mailed automatically to you the same day it is released. It's quick and convenient! Go to www.cmhc.ca/housingmarketinformation

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