



# HOUSING NOW

New Brunswick

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

## Housing Starts On the Rise

### Builders poised for another banner year

- ✓ Residential activity in the first quarter was up to a remarkable start in New Brunswick, exceeding the pace for new home construction set in 2002.
- ✓ Total housing starts in the first three months of 2003 reached 385 units at the provincial level, a 76 per cent increase when compared to last year. This represents the best first quarter for new home construction since 1987, when builders had started 414 units over that period.
- ✓ New home construction in first quarter was fuelled by a rise in housing starts in both urban and rural areas.
- ✓ In urban areas, housing starts reached 245 units, a 61 per cent increase when compared to last year and the second best first quarter since 1976 (after the 250 starts in urban areas in 2001). In rural areas, housing starts more than doubled, jumping from 67 units in the first quarter last year to 140 units in 2003. This represents the best first quarter in rural areas since 1985.
- ✓ At the end of the first quarter, 1,575 units were under construction in New Brunswick, a 3.6 per cent increase when compared to last year. In urban areas, 986 units were under construction as at March 31, compared to 677 units last year.

VOLUME 6, EDITION 1  
FIRST QUARTER 2003

#### IN THIS ISSUE

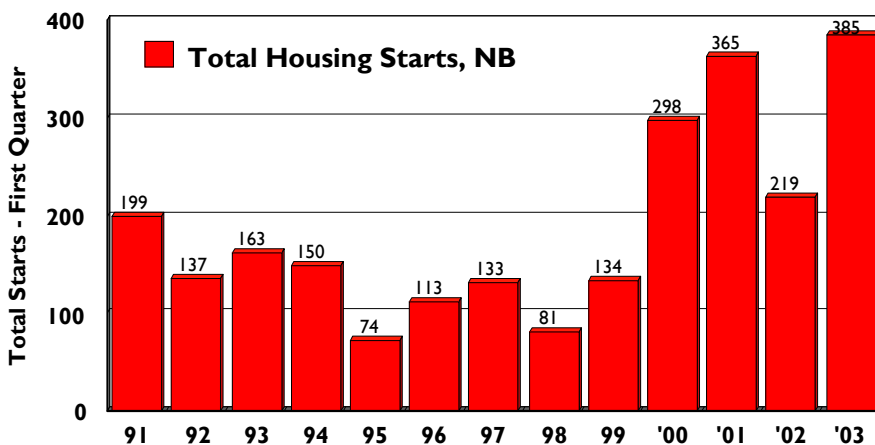
- 1 Builders poised for another banner year
- 2 New single-family homes on the upswing in all three larger urban centres
- 2 First quarter: MLS® sales down
- 2 Rural housing starts bounce back

#### STATISTICAL TABLES:

- 3 Activity summary by area New Brunswick
- 4 Starts by intended market for Fredericton, Moncton and Saint John

MLS® is a registered certification mark of the Canadian Real Estate Association

First Quarter: Provincial Total Starts on the Rise



HOME TO CANADIANS  
Canada

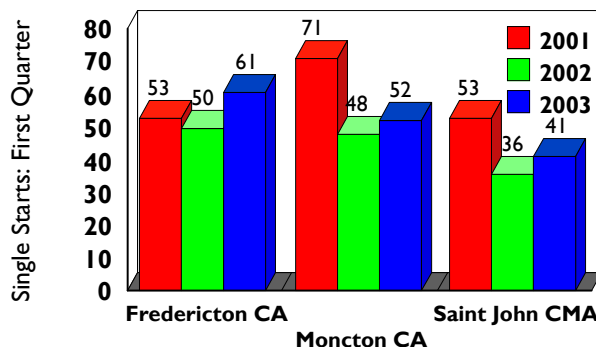
# FREDERICTON MONCTON SAINT JOHN

## Housing Market Overview

### New single-family homes on the upswing in all three larger centres

- ✓ First quarter single-detached starts increased in all three major urban centres of the province. Despite severe winter conditions, many homebuyers took advantage of low mortgage rates earlier this year. Attractive labour market conditions in all southern areas stimulated in-migration in the larger centres. This is also another key factor which contributed to a rise in housing starts in the first quarter.
- ✓ Tight resale and rental market conditions in all three larger urban centres will also continue to stimulate new home construction in the short term. Expect multiple starts to be on the rise this year in Fredericton and Saint John in particular.

### First Quarter Single Starts Rose in All 3 Major Urban Centres

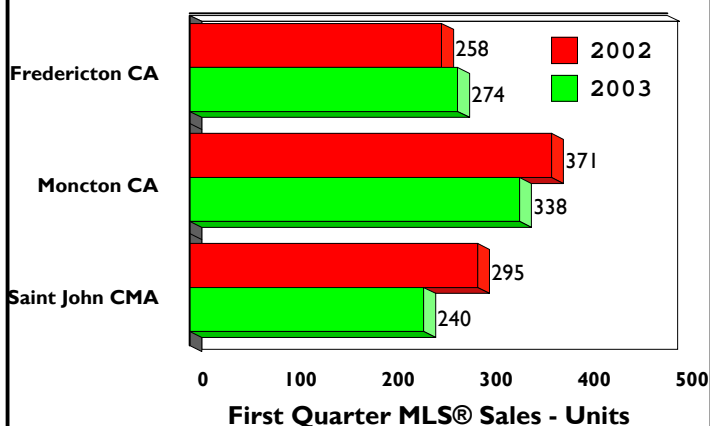


Source: CMHC, Single Starts, January-March

### First quarter: MLS® sales down

- ✓ Despite strong demand, a shortage of inventory in the Saint John and Moncton areas has caused a drop in MLS® sales in the first quarter. Fredericton represents the only region where first quarter sales of existing homes exceeded last year's levels. Realtors in Fredericton have continued to benefit from a rise in new listings over the last few months.
- ✓ In Fredericton, employment opportunities in the service sector continued to attract many bilingual workers from the northern regions. When moving to Fredericton, these workers will unlikely build a new home, but rather rent an apartment or buy an existing home. The current record low vacancies on the rental market has forced them to opt for the resale market, fuelling MLS® sales in the first quarter.

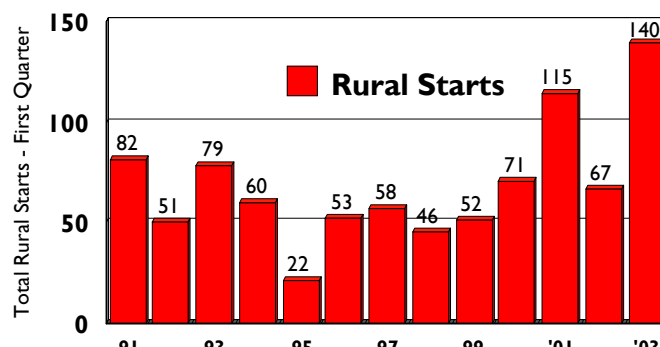
### MLS® Sales Slowing Down



### Rural housing starts bounce back

- ✓ Rural areas of the province also contributed significantly to the strong start in residential activity so far this year. Total housing starts in rural areas reached 140 units in the first quarter compared to 67 units last year.
- ✓ Rural starts are expected to remain strong this year as many seniors and empty nesters moving from northern regions to all three larger urban centres opt for new housing units outside city limits. This trend has also caused a rise in the demand for multi-unit projects in rural areas surrounding the larger urban centres. Expect an increase in multiple starts to contribute to strong housing starts' levels in rural areas this year.

### Rural Areas: First Quarter Total Housing Starts Up Significantly



Source: CMHC

**TABLE 1  
ACTIVITY SUMMARY BY AREA  
New Brunswick**

Area	Starts						Completions						Under Construction		
	First Quarter			Year-to-Date			First Quarter			Year-to-Date			As at March 31		
	2003	2002	% chg	2003	2002	% chg	2003	2002	% chg	2003	2002	% chg	2003	2002	% chg
Bathurst CA	3	1	--	3	1	--	9	10	-10.0	9	10	-10.0	15	4	--
Campbellton CA	4	0	--	4	0	--	0	1	--	0	1	--	8	0	--
Edmundston CA	5	1	--	5	1	--	18	11	63.6	18	11	63.6	11	8	37.5
Fredericton CA	69	55	25.5	69	55	25.5	121	20	--	121	20	--	191	263	-27.4
Miramichi CA	2	3	-33.3	2	3	-33.3	13	3	--	13	3	--	11	7	57.1
Moncton CA	117	50	--	117	50	--	420	298	40.9	420	298	40.9	648	303	--
Saint John CMA	45	42	7.1	45	42	7.1	70	85	-17.6	70	85	-17.6	102	92	10.9
<b>TOTAL URBAN AREAS</b>	245	152	61.2	245	152	61.2	651	428	52.1	651	428	52.1	986	677	45.6
<b>TOTAL OTHER AREAS</b>	140	67	--	140	67	--	369	931	-60.4	369	931	-60.4	589	844	-30.2
<b>TOTAL NEW BRUNSWICK</b>	385	219	75.8	385	219	75.8	1020	1359	-24.9	1020	1359	-24.9	1575	1521	3.6

Source: CMHC

## NEED MORE DETAILED INFORMATION?

**Market Analysis Products and Services are designed to suit your needs.** CMHC is the source for expert analysis and comprehensive data on housing. If you are in the housing industry, it is critical that you understand the trends and factors behind New Brunswick's housing markets. There is no substitute for the thorough, concise analysis of housing market developments that you get with CMHC's market data and analysis. Contact CMHC's Senior Market Analyst for New Brunswick:



Your Link to the Housing Market

**BEN CHAMPOUX**  
**Tel.: (506) 851-2742**  
**Fax: (506) 851-6188**  
**E-mail: [bchampou@cmhc-schl.gc.ca](mailto:bchampou@cmhc-schl.gc.ca)**  
**Web site: <http://www.cmhc-schl.gc.ca>**

**TABLE 2**  
**STARTS BY AREA AND DWELLING TYPE**  
**Fredericton / Moncton / Saint John**

Area/ Period	Single	Semi	Row	Apartment & other	Total	Area/ Period	Single	Semi	Row	Apartment & other	Total
<b>Fredericton City</b>						<b>Grand Bay-Westfield</b>					
Jan.-March 2003	19	6	0	2	27	Jan.-March 2003	0	0	0	0	0
Jan.-March 2002	23	1	0	0	24	Jan.-March 2002	1	0	0	0	1
Jan.-March 2003	19	6	0	2	27	Jan.-March 2003	0	0	0	0	0
Jan.-March 2002	23	1	0	0	24	Jan.-March 2002	1	0	0	0	1
<b>Total Fredericton</b>						<b>Quispamsis Town</b>					
Jan.-March 2003	61	6	0	2	69	Jan.-March 2003	23	0	0	0	23
Jan.-March 2002	50	1	0	4	55	Jan.-March 2002	19	0	0	0	19
Jan.-March 2003	61	6	0	2	69	Jan.-March 2003	23	0	0	0	23
Jan.-March 2002	50	1	0	4	55	Jan.-March 2002	19	0	0	0	19
<b>Moncton City</b>						<b>Rothsay Town</b>					
Jan.-March 2003	21	6	0	55	82	Jan.-March 2003	10	0	0	0	10
Jan.-March 2002	22	0	0	0	22	Jan.-March 2002	4	0	0	0	4
Jan.-March 2003	21	6	0	55	82	Jan.-March 2003	10	0	0	0	10
Jan.-March 2002	22	0	0	0	22	Jan.-March 2002	4	0	0	0	4
<b>Dieppe Town</b>						<b>Saint John City</b>					
Jan.-March 2003	12	0	4	0	16	Jan.-March 2003	5	0	0	0	5
Jan.-March 2002	14	2	0	0	16	Jan.-March 2002	11	0	6	0	17
Jan.-March 2003	12	0	4	0	16	Jan.-March 2003	5	0	0	0	5
Jan.-March 2002	14	2	0	0	16	Jan.-March 2002	11	0	6	0	17
<b>Riverview Town</b>						<b>Saint John - Other outlying areas</b>					
Jan.-March 2003	3	0	0	0	3	Jan.-March 2003	3	0	4	0	7
Jan.-March 2002	9	0	0	0	9	Jan.-March 2002	1	0	0	0	1
Jan.-March 2003	3	0	0	0	3	Jan.-March 2003	3	0	4	0	7
Jan.-March 2002	9	0	0	0	9	Jan.-March 2002	1	0	0	0	1
<b>Total Moncton CA</b>						<b>Total Saint John CMA</b>					
Jan.-March 2003	52	6	4	55	117	Jan.-March 2003	41	0	4	0	45
Jan.-March 2002	48	2	0	0	50	Jan.-March 2002	36	0	6	0	42
Jan.-March 2003	52	6	4	55	117	Jan.-March 2003	41	0	4	0	45
Jan.-March 2002	48	2	0	0	50	Jan.-March 2002	36	0	6	0	42

Note: Other outlying areas include Greenwich Parish, Kingston Parish, Musquash Parish, St. Martins Parish, St. Martins Village, Simonds Parish, Lepreau Parish, Petersville Parish, Hampton Town, Hampton Parish and Upham Parish.

**Housing Now** is published 4 times a year for the New Brunswick market. Annual subscriptions to the **Housing Now** for New Brunswick are \$55.00 plus applicable taxes. This publication is also available in French. For more information, or to subscribe, contact Johannes O'Callaghan at the Atlantic Business Centre at (902) 426-4708.

Ce document est disponible en français. Veuillez communiquer avec Johannes O'Callaghan au Centre d'affaires de l'Atlantique au (902) 426-4708.

Order no. 2086

© 2003 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise

Mortgage and Housing Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The

publication are based on various sources believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibilities.



# FORECAST

New Brunswick

## SUMMARY

Canada Mortgage and Housing Corporation

VOLUME 6 EDITION 1  
FIRST QUARTER 2003

### Housing Demand to Decline Slightly Over the Next Two Years

Residential construction in New Brunswick will remain strong in historical terms but is expected to decline slightly over the forecast period. Following the best year for new home construction since 1986, total housing starts are expected to decline to 3,750 units and 3,400 units in 2003 and 2004 respectively. The drop in residential activity will be due to a slight decline in both single and multiple starts. Rural starts will remain strong over the next two years as many New Brunswickers will continue to move from northern to southern regions, but will opt for rural areas just outside the city limits where homes are more affordable. Easy access to most industrial parks and the business district of all large urban centres is also causing many households to opt for rural areas adjacent these urban centres.

In fact, according to Statistics Canada, workers in New Brunswick travelled on average 6.5 kilometres from their home to work in 2001 on a daily basis, and the

vast majority relied on a vehicle for the commute. About 80 per cent of New Brunswick's workforce drove themselves to work and an additional 10 per cent rode as a passenger. Both of these figures are higher than the national average of 74 per cent driving and 7 per cent hitching a ride respectively.

Around 2 per cent of the province's workers used public transit to get to their jobs in 2001. With almost half of New Brunswickers living in rural areas, it is not surprising that this figure lags the national average of 10 per cent who took a bus, train or subway to work. People who walked to work accounted for about 7 per cent of commuters while those riding a bike or finding some other mode of transportation accounted for only 2 per cent. Just over 20,200 workers or 6.2 per cent of the employed workforce in New Brunswick did not have to worry about traffic, bus schedules or the weather since they worked at home in 2001.

#### IN THIS ISSUE

##### FREDERICTON

- 2 Labour market on the upswing
- 2 Sales of existing homes to maintain record pace
- 2 Multiple starts to bounce back

##### MONCTON

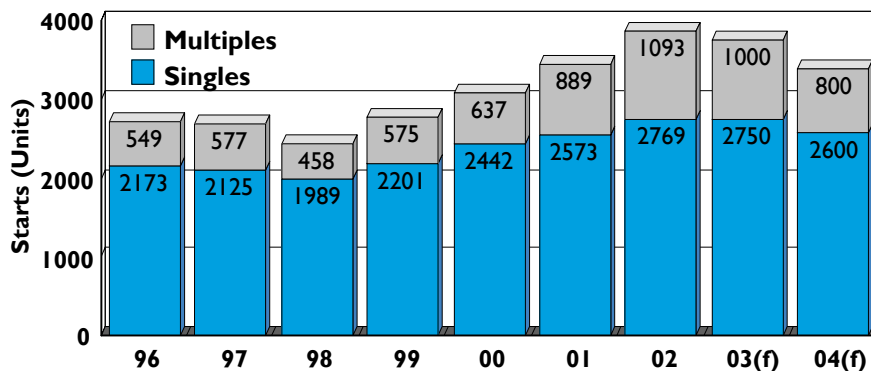
- 3 In-migration to stimulate housing demand
- 3 Increased demand for lower priced homes
- 3 Multiple starts to decline and vacancies to rise
- 3 Realtors poised for another record year

##### SAINT JOHN

- 4 Housing demand strong as employment rises
- 4 Multiple starts to bounce back in Saint John City

MLS® is a registered certification mark of the Canadian Real Estate Association

Total Housing Starts - New Brunswick



HOME TO CANADIANS  
Canada

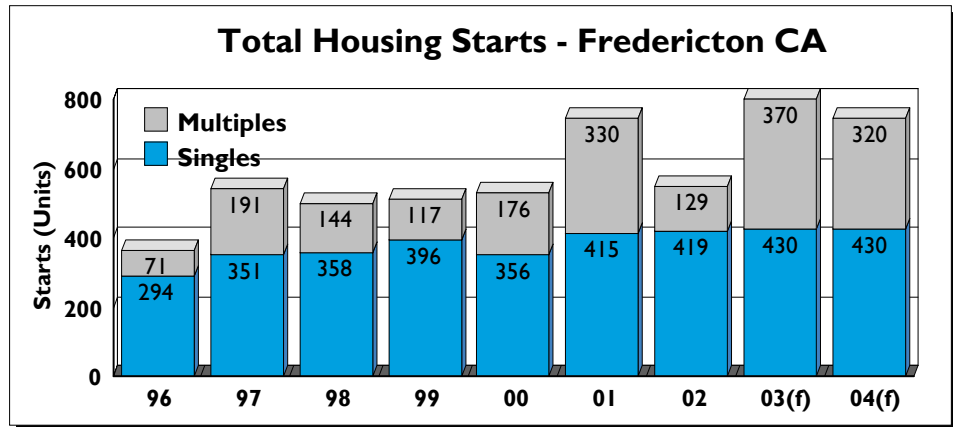
# Fredericton

## Labour Market on the Upswing

Some companies involved in the IT sector have started to suffer from the U.S. economic slowdown. Notwithstanding, employment reached record levels in the Fall of last year, thanks to the creation of full-time positions in the service sector in particular. The construction of new office buildings on spec has helped to ease the shortage of office space in the City of Fredericton and stimulate job growth in the service sector. However, low unemployment levels in Fredericton have forced employers to recruit bilingual workers from outside the region, mainly from northern New Brunswick. This influx of workers is stimulating housing demand. As a result, both builders and realtors are poised for two excellent years. Our current forecast indicates that total housing starts will reach 800 and 750 units in 2003 and 2004 respectively.

## Sales of Existing Homes to Maintain Record Pace

Attractive labour market conditions, in-migration and low mortgage rates are all key factors which will contribute to a rise in MLS® sales over the next two years. A significant increase in new listings is also helping realtors to maintain sales of



existing homes at a record pace. Workers moving from Northern New Brunswick into the Fredericton area to fill bilingual positions in the service sector have also boosted demand for existing homes. Considering that the average MLS® sales price was below \$65,000 last year in northern New Brunswick, this migration trend will stimulate demand for lower priced homes outside the city limits. In fact, this was already evident last year as sales reached a record high, but the average sales price actually declined when compared to the previous year. Near record low vacancies on the rental market is also contributing to a spur of activity on the resale market. Mortgage rates will increase slightly over the forecast period, but not enough to discourage potential homebuyers. As a result, expect MLS® sales to reach record levels of 1,550 and 1,600 units in 2003 and 2004 respectively, while the average sales price will drop

slightly this year before rising back again by one per cent in 2004.

## Multiple Starts to Bounce Back

Solid employment, in-migration, low vacancies and borrowing costs will all contribute to a rise in multiple starts over the forecast period. An aging population and the double cohort of students from Ontario are two other key factors which will generate the need for more rental accommodations. Multiple starts will reach 370 and 320 units in 2003 and 2004 respectively. This will represent the best two years in well over two decades. These units will help ease the tight rental market conditions once they become available for occupancy over the next few years. However, expect the vacancy rate to remain low in 2003 as most of these new multiple units will not be completed in time for our survey in October.

## FORECAST SUMMARY Fredericton CA

	1999	2000	2001	2002	2003*	2004*	% Change
<b>NEW HOME MARKET</b>							
Total Starts	513	532	745	548	800	750	-6.3%
Singles-detached	396	293	344	327	330	340	3.0%
Mini Homes	--	63	71	92	100	90	-10.0%
Multiples	117	176	330	129	370	320	-13.5%
Avg New Home Price	\$ 121,980	\$ 119,000	\$ 138,200	\$ 156,600	\$ 165,000	\$ 160,000	-3.0%
Vacancy Rate	1.5%	1.3%	1.5%	0.9%	1.0%	1.5%	
<b>RESALE MARKET</b>							
MLS® Sales	1106	1287	1384	1474	1550	1650	6.5%
Average Sales Price	\$ 95,687	\$ 99,507	\$ 105,818	\$ 105,245	\$ 105,000	\$ 106,000	1.0%

\* Forecast

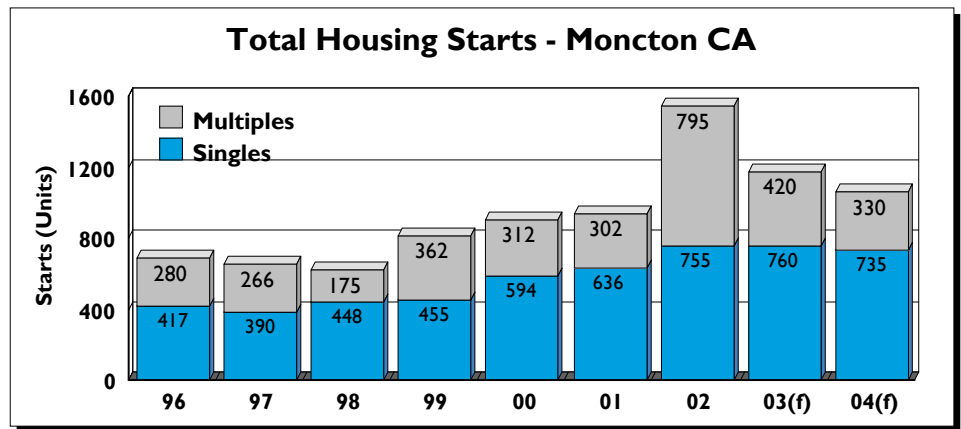
# Moncton

## In-migration to Stimulate Housing Demand

The Greater Moncton economy remained red hot throughout 2002, creating nearly 4,000 new jobs. Employment reached 66,400 at the end of October, a record high. The growth was mainly driven by the creation of full-time positions in the service sector. However, employment growth in such sectors as transportation, storage, communication, finance, insurance and real estate is also noteworthy. These solid labour market conditions continued to attract many workers from outside the region, stimulating housing demand.

## Increased Demand for Lower Priced Homes

Over the last five years, a greater ratio of in-migrants came from the north east regions of the province where the economy is going through a transition period. Considering that the average MLS® sales price was below \$65,000 last year in northern New Brunswick, this migration trend will stimulate demand for lower priced homes in the Greater Moncton area. Expect single starts to remain strong at 760 and 735 units in 2003 and 2004 respectively. Single starts will exceed the 700 mark three years in a row, a first time ever in Greater Moncton.



## Multiple Starts to Decline and Vacancies to Rise

Low interest rates combined with record low vacancies in the past two years urged builders to develop multi-unit projects in Greater Moncton. Multiple starts reached 795 units in 2002, the highest level of the construction activity in nearly three decades. Several key builders will focus on completing these projects in the spring. As a result, very few projects will be started in the first half of 2003. Despite a jump in construction activity in the second half, multiple starts will not match last year's levels. Our current forecast indicates 420 and 330 multiples starts in 2003 and 2004 respectively. Furthermore, a fair number of these new apartment units will not be absorbed by the time our rental market survey is conducted in October. As a result, expect the vacancy rate to rise above 4 per cent by the end of 2003 and in 2004.

## Realtors Poised for Another Record Year

Strong consumer confidence, employment growth, in-migration and low mortgage rates are all key factors which will stimulate transactions on the resale market again this year. However, expect MLS® sales and the average sales price to grow at a slower pace this year. Unlike the previous two years when vacancies were at record low levels, people moving into the region this year will have the option to rent. This will cause MLS® sales to slow down slightly. But the new high-end rental units will also allow an increased number of local empty nesters to sell their homes and move into a smaller and lower maintenance housing unit. As a result, expect new listings to rise this year, especially in the second half, easing the tight resale market conditions. Both sales and average sales price are expected to rise by 2.1 per cent in 2003.

## FORECAST SUMMARY Moncton CA

	1999	2000	2001	2002	2003*	2004*	% Change
<b>NEW HOME MARKET</b>							
Total Starts	817	906	938	1550	1180	1065	-9.7%
Singles-detached	371	471	510	614	610	575	-5.7%
Mini Homes	84	123	126	141	150	160	6.7%
Multiples	362	312	302	795	420	330	-21.4%
Avg New Home Price	\$ 107,888	\$ 112,000	\$ 138,650	\$ 144,200	\$ 145,000	\$ 140,000	-3.4%
Vacancy Rate	3.8%	1.7%	1.6%	2.3%	4.0%	5.0%	
<b>RESALE MARKET</b>							
MLS® Sales	1413	1491	1666	1763	1800	1800	0.0%
Average Sales Price	\$ 87,675	\$ 89,065	\$ 92,428	\$ 99,942	\$ 102,000	\$ 104,000	2.0%

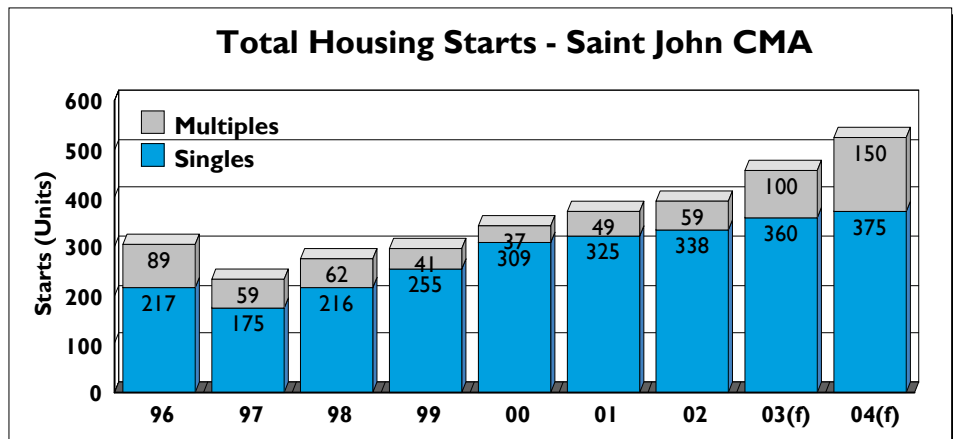
\* Forecast



# Saint John

## Housing Demand Strong as Employment Rises

The economy has never been as diversified in the Greater Saint John area. Employment reached a record high of 63,800 in the fall of 2002. The employment growth was supported by the creation of full-time jobs in several key sectors, including service, transportation, communication, finance, insurance and real estate, just to name a few. Unlike the previous record high in the late '90s, employment is currently fuelled by the creation of permanent positions. A few years ago, major projects such as the Irving Oil refinery expansion and the natural gas pipeline had generated several thousand temporary positions and had helped employment to reach record levels. The current labour conditions combined with low mortgage rates will stimulate the new home market over the forecast period. Expect both single and multiple starts to rise over the next two years.



## Multiple Starts to Bounce Back in Saint John City

Considering the current economic and labour market conditions in Greater Saint John, multiple starts have been weak over the last few years. In the past, high vacancies reported in Saint John had discouraged many builders and lenders to move forward with multi-unit projects. However, a higher ratio of older rental stock in Saint John was the main factor which contributed to the high vacancies. According to our last rental market survey, the vacancy rate for units built prior to 1959 was above 7 per cent, and below 2.5

per cent for units started after 1985. The good performance of these most recent multi-unit projects will encourage some builders to forward with some larger apartment buildings over the forecast period. Expect more than 100 new multiple unit starts in both 2003 and 2004, most of them to be built in Saint John City.

These new apartment units expected on the market over the next few years will urge some empty nesters to sell their homes and move to lower maintenance, higher end units. This will also allow realtors to enjoy a record year in 2004.

## FORECAST SUMMARY Saint John CMA

	1999	2000	2001	2002	2003*	2004*	% Change
<b>NEW HOME MARKET</b>							
Total Starts	296	346	374	397	460	525	14.1%
Singles-detached	255	309	322	338	350	360	2.9%
Mini Homes	--	0	3	8	10	15	50.0%
Multiples	41	37	49	59	100	150	50.0%
Avg New Home Price	\$ 140,084	\$ 146,000	\$ 148,000	\$ 171,000	\$ 175,000	\$ 160,000	-8.6%
Vacancy Rate	5.2%	3.4%	5.6%	6.3%	6.5%	7.0%	
<b>RESALE MARKET</b>							
MLS® Sales	1530	1484	1510	1505	1525	1550	1.6%
Average Sales Price	\$ 88,731	\$ 93,697	\$ 97,348	\$ 103,554	\$ 106,000	\$ 108,000	1.9%

\* Forecast

**Housing Now** is published 4 times a year for the New Brunswick market. **Forecast Summary** is included in the first and third quarter editions. Annual subscriptions to the **Housing Now** for New Brunswick are \$55.00 plus applicable taxes. This publication is also available in French. For more information, or to subscribe, contact Johannes O'Callaghan at the Atlantic Business Centre at (902) 426-4708. Order no. 2086

Ce document est disponible en français. Veuillez communiquer avec Johannes O'Callaghan au Centre d'affaires de l'Atlantique au (902) 426-4708.

© 2003 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission of Canada

Mortgage and Housing Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The information, analyses and opinions contained in this

publication are based on various sources believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibilities.

