



# HOUSING NOW

London

## YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

ISSUE 15  
SECOND QUARTER 2002

### New Homes

#### Second quarter posts 104% increase in total housing starts

Housing starts in the London CMA (census metropolitan area) totalled 993 units in the second quarter of 2002, more than double the 486 units started in 2001:Q2. Total starts received a big boost as the first tower (220 units) of the City Place luxury rental development in downtown London was officially underway.

London and area builders continued to pour foundations at a blistering pace in the second quarter. There were 652 single-detached units started, 250 units more than the same quarter last year. Almost 1,000 singles were started in the first half of 2002. London was the location of 677 of the

single starts. In St. Thomas, single starts hit 107 units in the first half compared to 65 units in first half of 2001.

Northeast London continued to lead the way with 157 singles started in the first half, including 103 units in the second quarter. Closely following were the 134 units in South London and 133 singles in West London shown on the map (page 4).

Row homeownership starts totalled 88 units (75 condo, 13 freehold) in the 2nd quarter, up 10 units over 2001:Q2. Year-to-date, there have been 117 row homeowner units started compared to 98 units last year. A 16-unit rental apartment building and 9-unit rental row house development were started in the 2nd quarter. Both projects are located near the University of Western Ontario.

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#### Market Advisor

- 2 Focus on resale market.

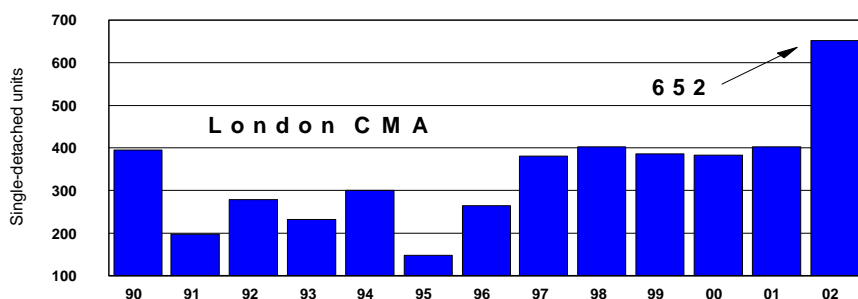
#### Resale Market

- 7 First half MLS sales up 17%.

#### Economic Indicators

- 8 London area employment turns up in second quarter bolstering consumer confidence. Mortgage rates up slightly in Q2 but still low.

2nd quarter singles starts jump to highest level since 1989



Source: CMHC, 2nd quarter single starts 1990-2002

The missing ingredient, job growth at the local level, finally arrived at the close of the second quarter. It will boost consumer confidence and combined with low mortgage rates assure continuing brisk sales of existing homes. The strength in the resale market will help sustain new home demand and push up renovation spending in the coming quarters.



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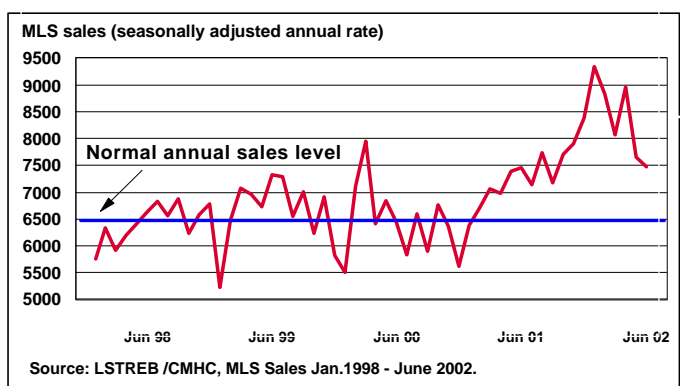
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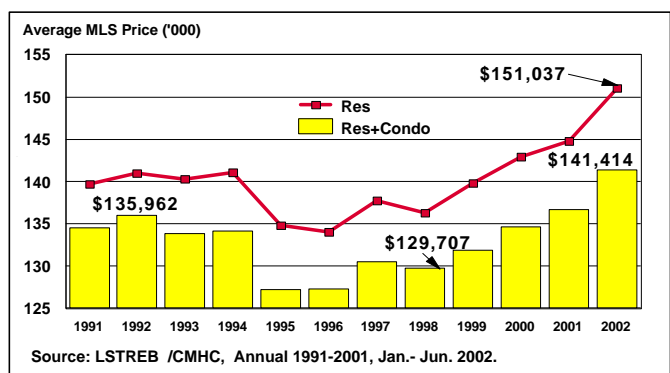
# MARKET ADVISOR

- ◆ MLS house sales in the London & St. Thomas Real Estate Board area were up an impressive 17.4 % in the first half of 2002 to 4,529 sold units. Sales were spurred by low mortgage rates and the positive impact of employment growth on consumer confidence.

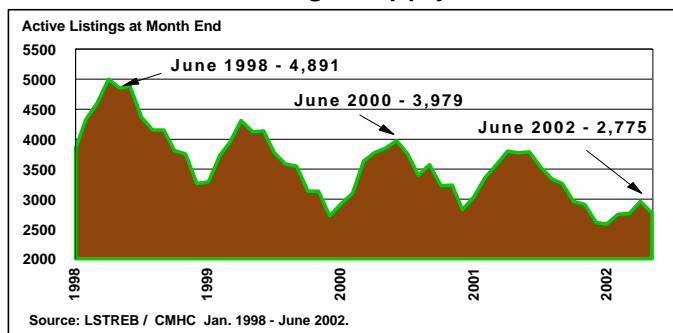
## Torrid MLS sales pace set in early months of 2002 reaching levels not seen before



## MLS sales price excluding condos up \$15,000 since 1998 to \$151,037



## Strong sales puts a dent into listings supply



## Canada Mortgage and Housing Corporation

- ◆ The 2002 sales performance comes on the heels of record-breaking annual sales of 7,307 units in 2001, exceeding the previous peak of 7,003 units set in 1988 when the market was in the midst of the late 80's housing boom. Sales are on pace to top last year's record.
- ◆ The adjacent graph illustrates just how strong the resale market has been during the past 18 months. Actual monthly sales were adjusted to remove normal seasonal variation, i.e. sales typically peak in May, are very high in Apr./June and at a low point in Dec./Jan. These figures were then multiplied by 12 to reflect an annual pace. In January, annualized sales were above 9,000 and remained above 8,000 units in each of the next three months before declining to a still high 7,500 unit pace in June. To put the recent performance in perspective, MLS sales between 1996 and 2000 averaged over 6,500 units per year!
- ◆ With sales (demand) rising and listings (supply) falling by more than 2,000 units since June 1998, the market has turned into a strong seller's market position.

## MAKING A MOVE TOWARD SUSTAINABILITY

CMHC offers a wide cross-section of information products to consumers and the housing industry to allow for informed purchasing and decision-making. CMHC information products include publications on sustainability.

With the help of CMHC, consider sustainability when choosing the next neighbourhood to call your home. To order a copy of "Your Next Move: Choosing a Neighbourhood With Sustainable Features" and other research publications, call 1-800-668-2642 or go to [www.cmhc.ca](http://www.cmhc.ca).



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**Table 1: Starts by Area and by Intended Market  
London Census Metropolitan Area (CMA)**

	Single-detached units			Ownership		Condominium		Rental		Total
	Freehold	Condo	All	Freehold		Semi	Row	Private		
				Semi	Row			Row	Apt.	
LONDON CMA										
Second Quarter 2002	627	25	652	6	13	2	75	9	236	993
Second Quarter 2001	369	33	402	4	3	2	75	0	0	486
Jan-June 2002	949	38	987	6	19	2	98	9	236	1,357
Jan-June 2001	533	52	585	4	6	2	92	0	0	689
London City										
Second Quarter 2002	419	20	439	6	13	2	72	9	236	777
Second Quarter 2001	264	33	297	4	3	2	75	0	0	381
Jan-June 2002	645	32	677	6	19	2	90	9	236	1,039
Jan-June 2001	377	52	429	4	6	2	92	0	0	533
St. Thomas City										
Second Quarter 2002	60	5	65	0	0	0	0	0	0	65
Second Quarter 2001	42	0	42	0	0	0	0	0	0	42
Jan-June 2002	101	6	107	0	0	0	5	0	0	112
Jan-June 2001	65	0	65	0	0	0	0	0	0	65
Central Elgin										
Second Quarter 2002	28	0	28	0	0	0	0	0	0	28
Second Quarter 2001	26	0	26	0	0	0	0	0	0	26
Jan-June 2002	36	0	36	0	0	0	0	0	0	36
Jan-June 2001	30	0	30	0	0	0	0	0	0	30
Middlesex Centre										
Second Quarter 2002	36	0	36	0	0	0	3	0	0	39
Second Quarter 2001	15	0	15	0	0	0	0	0	0	15
Jan-June 2002	56	0	56	0	0	0	3	0	0	59
Jan-June 2001	29	0	29	0	0	0	0	0	0	29
Southwold Township										
Second Quarter 2002	8	0	8	0	0	0	0	0	0	8
Second Quarter 2001	7	0	7	0	0	0	0	0	0	7
Jan-June 2002	9	0	9	0	0	0	0	0	0	9
Jan-June 2001	13	0	13	0	0	0	0	0	0	13
Strathroy-Caradoc Township										
Second Quarter 2002	47	0	47	0	0	0	0	0	0	47
Second Quarter 2001	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Jan-June 2002	59	0	59	0	0	0	0	0	0	59
Jan-June 2001	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Thames Centre										
Second Quarter 2002	29	0	29	0	0	0	0	0	0	29
Second Quarter 2001	15	0	15	0	0	0	0	0	0	15
Jan-June 2002	43	0	43	0	0	0	0	0	0	43
Jan-June 2001	19	0	19	0	0	0	0	0	0	19

Source: CMHC

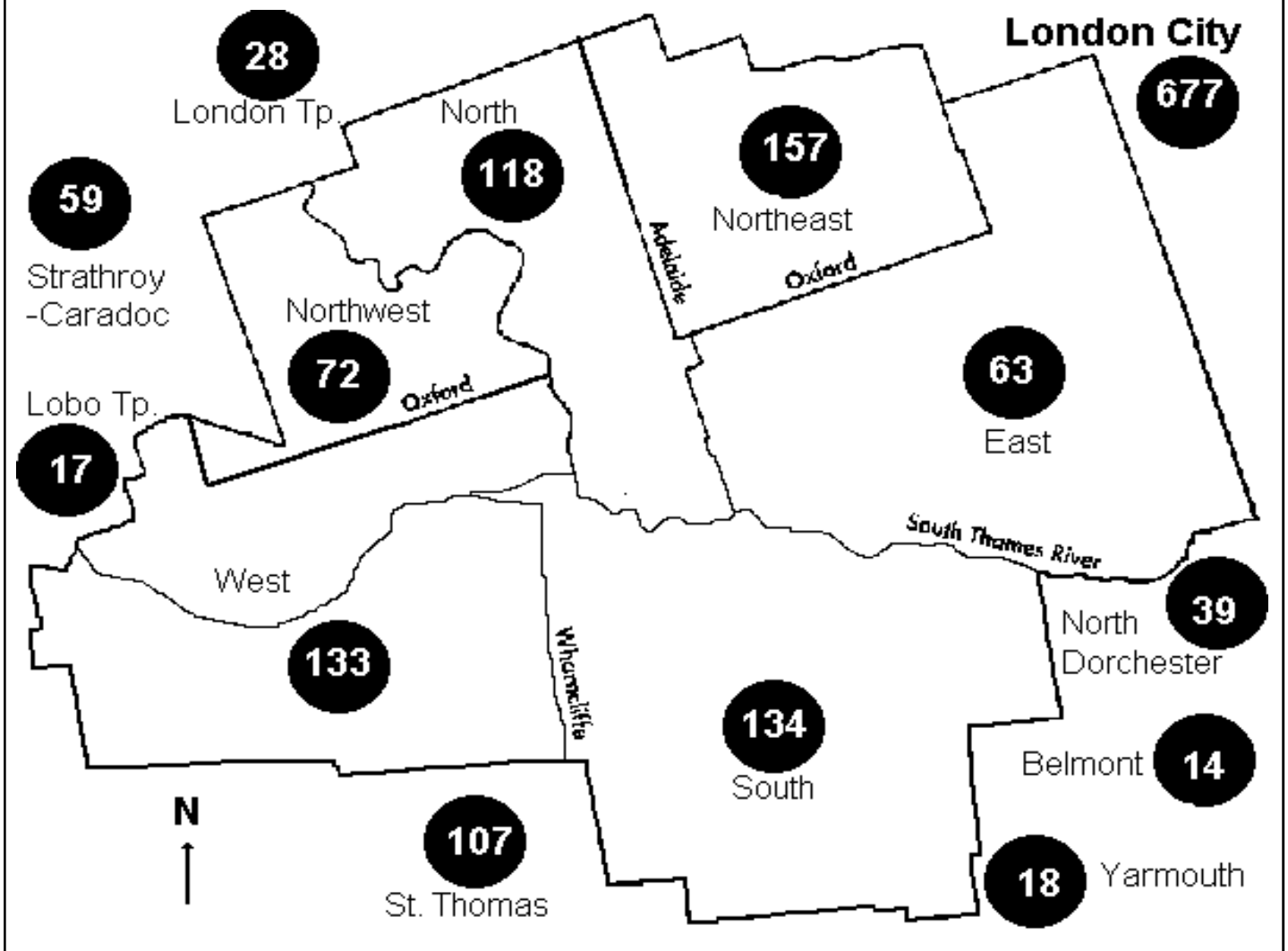
Note: Municipal amalgamations have resulted in the creation of the Municipality of Central Elgin which includes Belmont, Port Stanley and Yarmouth Township; the Municipality of Thames Centre which includes the Townships of North Dorchester and West Nissouri; and, the Township of Middlesex Centre which includes the Townships of Delaware, Lobo, and London.

The amalgamated Strathroy-Caradoc Township was first included as a component of the London Census Metropolitan Area, starting in January 2002. The boundary change was made based on the results of the 2001 Census of Canada. As such, 2002 new housing figures are not directly comparable with 2001 figures.

n.s. = no survey results.

# WHERE'S THE HAMMERING BY SUB-MARKET

Single-detached starts in the  
**LONDON CMA** were up 69%  
to 987 units in the first half of 2002  
compared to 585 units in 2001



Sub-markets not shown on the map accounted for 28 of the 987 single-detached units that were started in the London CMA (census metropolitan area) during the first 6 months of 2002. These 28 singles included 11 houses in Delaware Tp., 4 units in Port Stanley, 9 units in Southwold and 4 units in West Nissouri Tp.



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**Table 2: Housing Activity Summary**  
**London Census Metropolitan Area (CMA)**

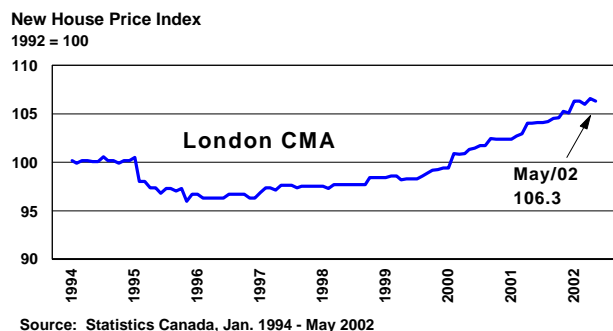
	Single-detached units			Ownership Freehold		Condominium			Private Rental		Total
	Freehold	Condo	All	Semi	Row	Semi	Row	Apt.	Row	Apt.	
1. STARTS											
Second Quarter 2002	627	25	652	6	13	2	75	0	9	236	993
Second Quarter 2001	369	33	402	4	3	2	75	0	0	0	486
% Change	70%	-24%	62%	50%	333%	0%	0%	NA	NA	NA	104%
Jan-June 2002	949	38	987	6	19	2	98	0	9	236	1,357
Jan-June 2001	533	52	585	4	6	2	92	0	0	0	689
% Change	78%	-27%	69%	50%	217%	0%	7%	NA	NA	NA	97%
2. UNDER CONSTRUCTION											
June 2002	658	40	698	4	16	6	132	0	12	236	1,104
June 2001	405	40	445	12	13	2	179	0	0	4	655
3. COMPLETIONS											
Second Quarter 2002	386	17	403	6	3	0	27	0	0	48	487
Second Quarter 2001	252	17	269	2	3	0	53	0	0	164	491
% Change	53%	0%	50%	200%	0%	NA	-49%	NA	NA	-71%	-1%
Jan-June 2002	683	30	713	8	6	0	56	0	14	50	847
Jan-June 2001	418	24	442	2	6	0	107	0	0	164	721
% Change	63%	25%	61%	300%	0%	NA	-48%	NA	NA	-70%	17%
4. COMPLETED & NOT ABSORBED											
June 2002	89	10	99	0	2	3	49	0	1	31	185
June 2001	90	8	98	0	6	4	78	0	0	123	309
5. TOTAL SUPPLY: 2. + 4.											
June 2002	747	50	797	4	18	9	181	0	13	267	1,289
June 2001	495	48	543	12	19	6	257	0	0	127	964
6. ABSORPTIONS											
Jan-June 2002	678	29	707	8	9	0	98	0	18	83	923
Jan-June 2001	460	25	485	4	4	0	133	0	0	132	758
June 2002	127	5	132	4	0	0	8	0	8	34	186
Previous 3-month Average	130	5	135	1	2	0	23	0	3	4	168
Previous 12-month Average	122	7	129	2	2	0	21	0	2	14	170

Source: CMHC

## Definitions

- 1. Starts:** refers to units where construction has advanced to a stage where full (100%) footings are in place. For multiple dwellings (semi-detached, row housing and apartments) the definition of a start applies to the structure or block of row units rather than to the project as a whole.
- 2. Under Construction:** those units which have been started but which are not complete.
- 3. Completions - Single-detached/semi-detached units:** this generally is the stage at which all proposed construction work is complete. A unit may be completed at the 90% stage where the remaining work is largely cosmetic. **Row housing/ Apartment:** completions means that 90% or more of the dwelling units within a block of row units or an apartment structure are completed and ready for occupancy
- 4. Completed and Not Absorbed:** all completed units of new construction (excluding model homes not available for sale) which have never been sold or leased.
- 5. Total Supply:** refers to the number of units under construction at month end plus the number of units completed in the current month or previous months that have not been leased or sold (excludes model homes not available for sale).
- 6. Absorptions:** the number of completed units (excluding model homes) that have been sold or leased.

### New home prices up 2.2% in London CMA May 2002 compared to May 2001



### House prices on steady upward trend

The New Home Price Index in the London CMA was up 2.2% in May, a steady upward trend after years of stagnant or declining new home prices.

Singles priced under \$130,000 have almost disappeared from the marketplace with a market share of less than 3% in 2002 compared to 15% in 1998. The median sale price in the London CMA moved up to \$195,000 in the 2nd quarter from \$185,000 in 2002:Q1. The average 2nd quarter sales price came in at \$205,100 in London CMA; \$208,500 in London City and \$175,600 in St. Thomas.

**Table 3: Absorbed (Completed and Sold) Single-detached units by Price Range  
London Census Metropolitan Area (CMA)**

	Annual 2001		1st Quarter 2002		2nd Quarter 2002	
	Units	Percent	Units	Percent	Units	Percent
<b>London CMA</b>						
<\$130,000	58	4.4%	5	1.7%	14	3.4%
\$130 to \$149,999	160	12.1%	55	18.5%	36	8.7%
\$150 to \$174,999	251	19.0%	63	21.1%	93	22.4%
\$175 to \$189,999	156	11.8%	37	12.4%	49	11.8%
\$190 to \$219,999	257	19.4%	57	19.1%	83	20.0%
\$220 to \$249,999	178	13.4%	33	11.1%	58	14.0%
\$250 to \$299,999	157	11.9%	28	9.4%	47	11.3%
\$300,000+	107	8.1%	20	6.7%	35	8.4%
<b>Total</b>	<b>1,324</b>	<b>100.0%</b>	<b>298</b>	<b>100.0%</b>	<b>415</b>	<b>100.0%</b>
Median Price		\$193,000		\$185,000		\$195,000
Average Price		\$213,315		\$202,872		\$205,093
<b>London City</b>						
<\$130,000	39	4.3%	4	2.2%	5	1.8%
\$130 to \$149,999	101	11.1%	26	14.1%	26	9.5%
\$150 to \$174,999	167	18.3%	36	19.5%	56	20.4%
\$175 to \$189,999	104	11.4%	21	11.4%	35	12.8%
\$190 to \$219,999	171	18.8%	39	21.1%	56	20.4%
\$220 to \$249,999	130	14.3%	24	13.0%	37	13.5%
\$250 to \$299,999	114	12.5%	23	12.4%	33	12.0%
\$300,000+	86	9.4%	12	6.5%	26	9.5%
<b>Total</b>	<b>912</b>	<b>100.0%</b>	<b>185</b>	<b>100.0%</b>	<b>274</b>	<b>100.0%</b>
Median Price		\$196,950		\$195,000		\$196,599
Average Price		\$214,492		\$206,861		\$208,511
<b>St. Thomas</b>						
<\$130,000	13	7.5%	0	0.0%	8	14.8%
\$130 to \$149,999	35	20.1%	16	40.0%	4	7.4%
\$150 to \$169,999	53	30.5%	3	7.5%	19	35.2%
\$170 to \$189,999	24	13.8%	7	17.5%	6	11.1%
\$190 to \$219,999	24	13.8%	7	17.5%	7	13.0%
\$220 to \$249,999	13	7.5%	4	10.0%	5	9.3%
\$250 to \$299,999	9	5.2%	0	0.0%	5	9.3%
\$300,000+	3	1.7%	3	7.5%	0	0.0%
<b>Total</b>	<b>174</b>	<b>100.0%</b>	<b>40</b>	<b>100.0%</b>	<b>54</b>	<b>100.0%</b>
Median Price		\$168,705		\$179,000		\$167,500
Average Price		\$175,622		\$182,360		\$175,630

Source: CMHC

## MLS\* Resale Activity - Actual and Seasonally Adjusted (SA)

Month	Number of Sales	% Change	Sales SA	New Listings	2001				
					SA New Listings	SA Sales/SA New Listings	Active Listings	SA Active Listings	Average Price
January	341	16.4%	530	1,172	1,100	48.5%	3,040	3,510	\$131,109
February	532	-4.3%	560	1,146	1,080	51.7%	3,362	3,490	\$137,134
March	668	-11.6%	590	1,275	1,100	53.6%	3,572	3,470	\$134,748
April	722	10.4%	580	1,279	1,040	55.9%	3,805	3,400	\$138,211
May	820	8.9%	620	1,327	1,060	57.9%	3,774	3,350	\$143,044
June	776	16.9%	620	1,204	1,080	57.4%	3,788	3,330	\$145,599
July	677	21.3%	600	1,180	1,120	53.0%	3,532	3,330	\$136,586
August	673	18.1%	650	988	1,050	61.7%	3,333	3,280	\$130,597
September	558	19.7%	600	945	1,020	58.9%	3,263	3,210	\$131,659
October	576	12.7%	640	903	1,020	62.8%	2,956	3,190	\$136,253
November	537	24.0%	660	856	1,090	60.6%	2,913	3,130	\$130,588
December	427	46.7%	700	506	980	71.3%	2,442	3,020	\$136,343
1st Quarter	1,541	-4.0%							\$134,766
2nd Quarter	2,318	11.9%							\$142,394
3rd Quarter	1,908	19.7%							\$133,033
4th Quarter	1,540	24.7%							\$134,302
Total 2001	7,307	12.3%							\$136,636

Month	Number of Sales	% Change	Sales SA	New Listings	2002				
					SA New Listings	SA Sales/SA New Listings	Active Listings	SA Active Listings	Average Price
January	501	46.9%	780	1,120	1,050	74.4%	2,578	2,970	\$131,581
February	703	32.1%	740	1,079	1,020	72.2%	2,742	2,850	\$141,275
March	763	14.2%	670	1,128	970	69.3%	2,762	2,690	\$136,800
April	931	28.9%	750	1,376	1,120	66.6%	2,969	2,660	\$141,743
May	852	3.9%	640	1,246	990	64.4%	2,959	2,630	\$147,046
June	779	0.4%	620	1,062	950	65.5%	2,775	2,450	\$141,981
1st Quarter	1,967	27.6%							\$137,070
2nd Quarter	2,562	10.5%							\$143,579
1st Half	4,529	17.4%							\$141,414

\*Multiple Listing Service (MLS) is a registered certification mark owned by The Canadian Real Estate Association.

**Notes:** Active listings are as at month end.

Individual unit sales of condominium apartments and row houses are included in the residential sales figures shown above.

Residential Other e.g., sales of apartment buildings or townhouse projects are excluded.

Source: LSTREB/ CMHC

## MARK YOUR CALENDAR

**Tuesday morning, October 1, 2002**

**Crystal Ballroom, Lamplighter Inn & Conference Centre**

**CMHC's 7th Annual**

**LONDON**

**Housing Outlook Conference**

Eligible for Mandatory Continuing Education (MCE) credits and AIC/REIC recertification credits

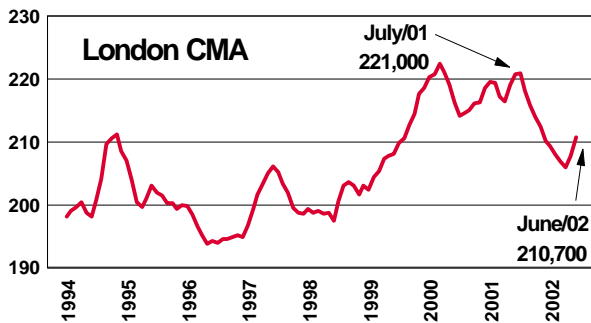
For further information about the Outlook Conference or to discuss Sponsorship opportunities call

**Ken Sumnall at 519. 873-2410**

# Economic and Price Indicators

## Employment turns corner in the second quarter of 2002

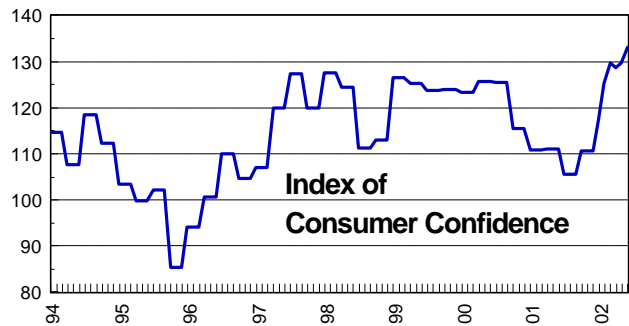
Employment\* ( '000's)



\* seasonally-adjusted 3-month moving averages ending June 2002  
Source: Statistics Canada

## Rising consumer confidence helps fuel housing sales

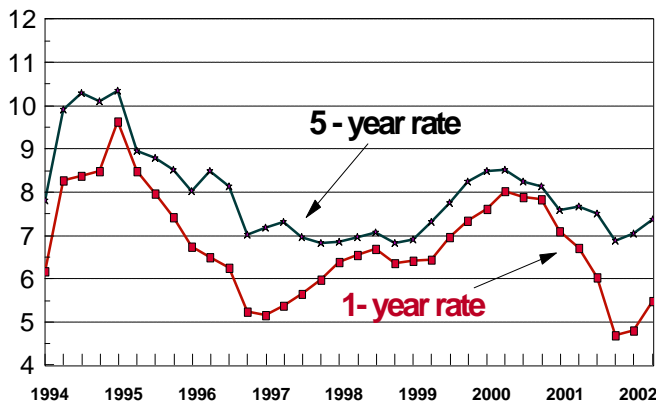
Ontario's index of consumer confidence, 1991 = 100



Source: The Conference Board of Canada, Jan. 1994 - June 2002

## Mortgage rates move up in first half of 2002 but still at low level

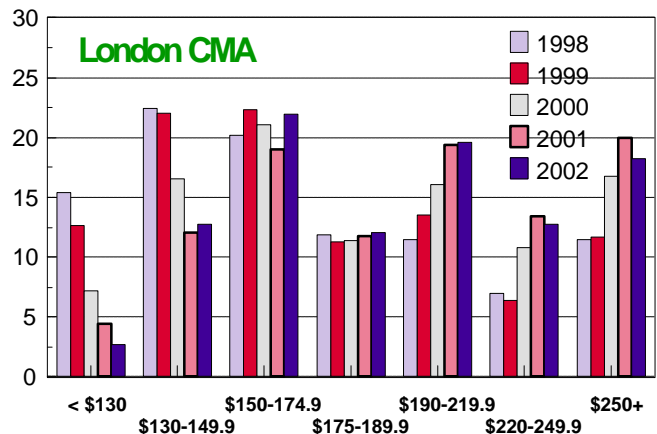
Per cent



Source: CMHC/ Bank of Canada, 1994:Q1 to 2002:Q2

## Market share by price range for sales of single-detached units

% of sales by price range



Source: CMHC Market Analysis, 1998-2001, First half 2002.

Housing Now is published four times a year. An annual subscription to the London Housing Now is \$55+ GST. The subscription also includes a 4-page Forecast Summary report as a supplement with the 1st and 3rd quarter Housing Now reports.

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