St. Catharines/Niagara

HOUSING NOW

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Canada Mortgage and Housing Corporation
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Multiple Construction drives housing starts in second quarter of 2003

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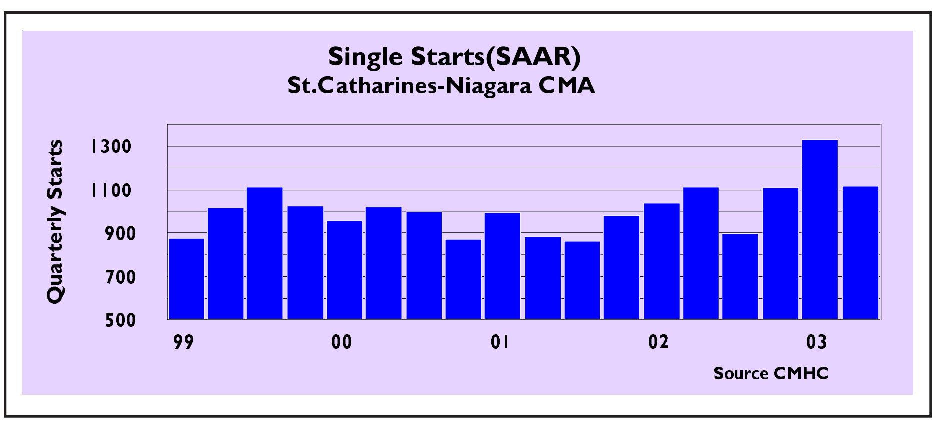
Total housing starts in the St.Catharines-Niagara CMA rose 9 per cent from the second quarter of 2002 to reach 417 units in 2003Q2. The volatile multiple sector was mainly responsible for the increased activity. Low interest rates, a hot resale market and high employment levels continue to stimulate housing demand. On a seasonally adjusted basis, single starts this quarter fell 16 per cent from 2003Q1. However total starts went up slightly boosted by a large increase in multiple construction.In fact from April to June 2003 when compared to previous second quarters, both multiple and total construction reached a nine-year high while single construction attained a 13 year high. This strong pace of construction is supported by stable economic fundamentals. Solid price growth in the new single home market is providing two signals to market participants. On the one hand price appreciation provides an incentive for further new construction thus inviting builders to enter the market. On the other hand rising home prices encourage some buyers to look for alternative housing mainly row condominiums and row freehold units. Furthermore listings in the resale market have been declining in the face of increasing demand. There is not much choice for buyers in the resale market. Whenever a units appears on the scene it is rapidly sold. These are indeed the salient features of a seller's market(see next page). All told, limited availability of resale units in combination with solid price appreciation of new homes are providing substantial stimuli for single and multiple construction.

Looking ahead, stable economic fundamentals will support the momentum of construction activity in



Nash Peerbocus
CMHC Market Analysis
Direct Line: (416) 218 3424 * Fax: (416) 218-3314
npeerboc@cmhc-schl.gc.ca * www.cmhc.ca

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the next two quarters. Borrowing costs remain at historic lows and employment as well as consumer confidence are at high levels.

The average price of a new single detached home in the St. Catharines-Niagara CMA rose 9.5 per cent from the second quarter of last year. Significant price increases were noted in Fort Erie, Lincoln, Pelham, and Thorold. However such increases are correlated with sales of single-detached homes at or above $250K in these municipalities. The absorptions of a number of units priced over $250K have skewed the average prices. Indeed the proportion of singles absorbed at or above $250K rose from 24 per cent to reach 35 per cent in the second quarter of 2003. In more stable markets like St.Catharines and Niagara Falls prices continue to rise albeit at a slower pace than the average. In general there is a clear indication that average prices of single homes are continuing their upward trend. The inventory of single and semi- detached homes as measured by the number of completed and unabsorbed units is at a low level. A combination of low inventories and a hot resale market in the context of strong economic fundamentals continue to sustain growth in the price of single detached homes. Such price appreciation has also contributed to stronger demand on the multiple segment of the market. Subsequently prices of semi-detached homes have also seen some growth rising almost 5 per cent from last year. In the next two quarters we can expect moderate price growth in the region.

Economic Indicators			
	May-03	May-02	%Change
NHPI	1.19	1.15	4.3
	Jun-03	Jun-02	%Change
Consumer Price index	123	120	2.5
Employment level	195600	193700	1.0
Unemployment rate	6.5	7.0	n/a
5 year mortgage rate	5.8	7.3	n/a

Source: Statistics Canada, CMHC

Resale Market still hot

Total sales were up 2 per cent from the second quarter of 2002. Average prices climbed 6 per cent to reach $153,432. The rising price trend is providing much of the incentives for potential sellers to list their properties. Indeed listings shot up by almost 7 per cent. Meanwhile sales grew at a modest 2 per cent. The higher rate of growth of listings relative to sales dampened the sales-to-new listings ratio to 72 per cent from 75 per cent in the second quarter of last year. The market still remains in seller's territory. The sales to new listings ratio is an indication of how tight the market is. A seller's market indicate that units listed are sold very quickly. Low interest rates combined with high employment levels continue to bolster resale activities.

The St.Catharines district remains the hottest market with a sales to new listings ratio virtually unchanged at 78 per cent from the last second quarter. Nevertheless sales grew at a faster rate than listings. Hence demand outpaced supply resulting in an almost 4 per cent increase in average prices.

The sales to new listings ratio is a leading indicator for prices. Hence expect prices to continue rising in the near future. However inflation adjusted prices are only15 per cent below the peaks of the late 1980s. This differential is getting narrower indicating that there is less room for prices to grow. Consequently average prices will increase at a slow rate in the near to medium term.

MLS® SALES ACTIVITY				
		Sales	Price	SNLR
All districts				
2003Q2		1855	$153,532	0.72
2002Q2		1818	$144,630	0.75
%change		2.0	6.2	
St.Catharines district				
2003Q2		656	$148,056	0.78
2002Q2		575	$142,921	0.77
%change		14.1	3.6	
Niagara Falls district				
2003Q2		366	$145,876	0.74
2002Q2		369	$132,615	0.75
%change		-0.8	10.0	
Welland District				
2003Q2		227	$120,286	0.75
2002Q2		258	$117,169	0.82
%change		-12.0	2.7	

Source:Niagara Real Estate Board

In Niagara Falls the sales to new listings ratio point to another hot market. Average prices climbed by a healthy 10 per cent despite sluggish dynamics between sales and listings. Prices were nevertheless driven up by a 47 per cent increase in sales of 2 storey homes in May and June.

The Welland market softened mainly as a result of sales decreasing at a faster rate than new listings. The softer demand led to a modest increase in average prices. Much like Niagara Falls, price increases were generated from larger sales of 2 storey homes in May and June 2003.

Once again,the St.Catharines district having a larger resale market share dragged up sales volume while sales of 2-storey homes in all the three main districts contributed to the increase in average prices.

TABLE 1 : STARTS BY ZONE AND BY INTENDED MARKET

	OWNERSHIP FREEHOLD			CONDOMINIUM		PRIVATE RENTAL		ASSISTED RENTAL		TOTAL
	SINGLE	SEMI	ROW	ROW	APT	ROW	APT	ROW	APT	
Zone 1										
St.Catharines City										
2003 Q2	72	6	0	8	0	0	2	0	0	88
2002 Q2	56	6	0	8	0	0	0	0	0	70
Zone 2										
Niagara Falls										
2003 Q2	77	0	0	33	0	0	0	0	0	110
2002 Q2	77	0	3	10	0	0	0	0	0	90
Zone 3										
Welland										
2003 Q2	43	12	32	0	0	0	0	0	0	87
2002 Q2	42	2	0	0	0	0	0	0	0	44
Zone 4										
Lincoln										
2003 Q2	24	0	3	0	0	0	0	0	0	27
2002 Q2	39	14	11	4	0	0	0	0	0	68
Zone 5										
Fort Erie										
2003 Q2	31	0	0	0	0	0	0	0	0	31
2002 Q2	36	0	0	0	0	0	0	0	0	36
Zone 6										
Niagara-on-the-Lake										
2003 Q2	7	0	3	0	0	0	0	0	0	10
2002 Q2	23	0	0	4	0	0	0	0	0	27
Zone 7										
Pelham										
2003 Q2	20	0	0	0	0	0	0	0	0	20
2002 Q2	19	0	0	0	0	0	0	0	0	19
Zone 8										
Port Colborne										
2003 Q2	8	0	0	0	0	0	0	0	0	8
2002 Q2	6	0	5	0	0	0	0	0	0	11
Zone 9										
Thorold										
2003 Q2	25	2	0	0	0	0	0	0	0	27
2002 Q2	9	0	0	0	0	0	0	0	0	9
Zone 10										
Wainfleet										
2003 Q2	9	0	0	0	0	0	0	0	0	9
2002 Q2	8	0	0	0	0	0	0	0	0	8
Total										
St.Catharines-Niagara CMA										
2003 Q2	316	20	38	41	0	0	2	0	0	417
2002 Q2	315	22	19	26	0	0	0	0	0	382

TABLE 2 : SINGLE DETACHED ABSROPTION PROFILE AT JUNE 2003

Municipality	Average Price	Average Price	% chg	Supply* JUNE	Supply* JUNE	% chg	Absorptions 2003Q2	Completions 2003Q2	% Abs at completions
	2003Q2	2002Q2		2003	2002				
St. Catharines	$241,482	$240,333	0.5	30	28	7.1	62	60	100.0
Niagara Falls	$228,821	$219,474	4.3	13	22	-40.9	71	72	98.6
Welland	$188,191	$175,486	7.2	7	3	133.3	47	43	100.0
Lincoln	$268,024	$197,795	35.5	7	9	-22.2	30	25	100.0
Fort Erie	$238,470	$173,599	37.4	2	9	-77.8	32	30	100.0
NOTL	$351,670	$313,941	12.0	24	28	-14.3	33	24	100.0
Pelham	$309,633	$271,362	14.1	5	7	-28.6	12	13	92.3
Port Colborne	$214,500	$191,225	12.2	2	2	n/a	5	6	83.3
Thorold	$212,837	$180,400	18.0	3	3	0.0	30	32	93.8
Wainfleet	$176,133	$201,333	-12.5	0	0	n/a	3	3	100.0
St. Catharines-Niagara CMA	$246,114	$224,821	9.5	93	111	-16.2	325	308	100.0

* Supply consists of completed and unabsorbed units at the end of June

CHART 1: PRICE CHANGES FOR SINGLE HOMES FROM 2002Q2 TO 2003Q2

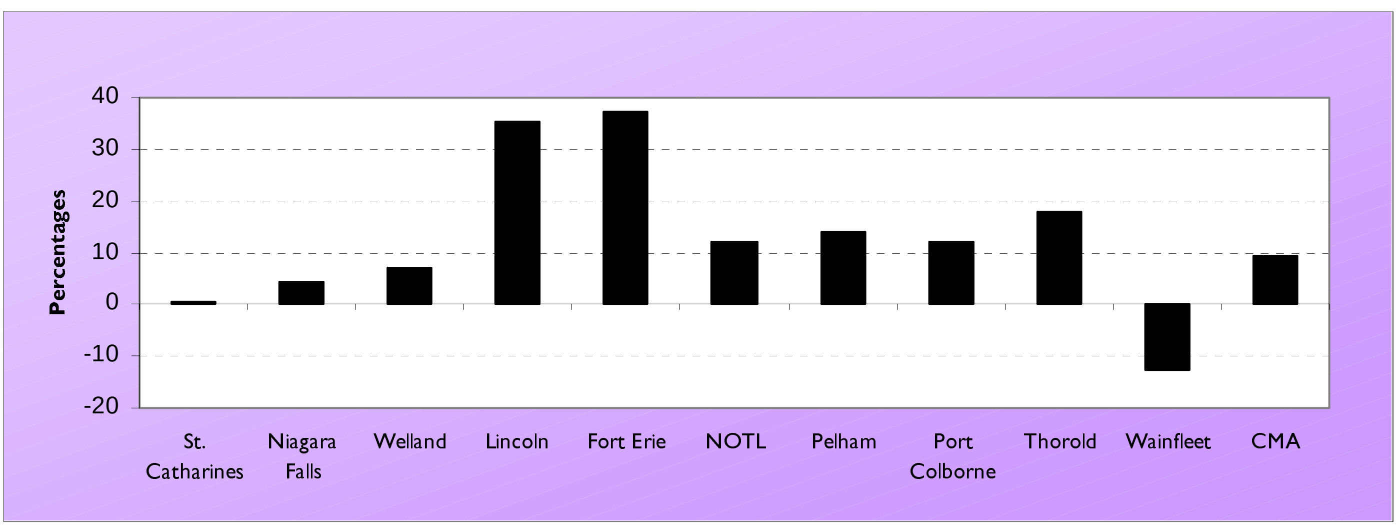

TABLE 3: ACTIVITY SUMMARY BY INTENTED MARKET

	OWNERSHIP FREEHOLD			CONDOMINIUM		PRIVATE RENTAL		ASSISTED RENTAL		TOTAL
	SINGLE	SEMI	ROW	ROW	APT	ROW	APT	ROW	APT	
Pending Starts										
June 2003	146	4	6	9	0	0	5	0	0	170
June 2002	121	4	7	0	0	0	0	0	0	132
% change	21	0	-14	n/a	n/a	n/a	n/a	n/a	n/a	29
Starts										
2003Q2	316	20	38	41	0	0	2	0	0	417
2002Q2	315	22	19	26	0	0	0	0	0	382
% change	0	-9	100	58	n/a	n/a	n/a	n/a	n/a	9
Under Construction										
June 2003	456	42	155	100	0	0	2	0	0	755
June 2002	414	40	106	72	0	0	4	0	0	636
% change	10	5	46	39	n/a	n/a	n/a	n/a	n/a	19
Completions										
June 2003	100	10	3	0	0	0	0	0	0	113
June 2002	68	16	8	0	0	0	0	0	0	92
% change	47	-38	-63	n/a	n/a	n/a	n/a	n/a	n/a	23
Year-to-date 2003	479	22	29	12	0	0	0	0	0	542
Year-to-date 2002	402	40	42	18	0	0	22	0	0	524
% YTD change	19	-45	-31	-33	n/a	n/a	n/a	n/a	n/a	3
Completed and not absorbed										
June 2003	67	11	4	11	0	0	0	0	0	93
June 2002	77	12	6	13	2	0	1	0	0	111
% change	-13	-8	-33	-15	n/a	n/a	n/a	n/a	n/a	-16
Total Supply										
June 2003	669	57	165	120	0	0	7	0	0	1018
June 2002	650	60	132	85	2	0	5	0	0	934
% change	3	-5	25	41	-100	n/a	40	n/a	n/a	9
Absorptions										
June 2003	96	14	5	0	0	0	0	0	0	115
June 2002	71	13	9	2	0	0	0	0	0	95
% change	35	8	-44	n/a	n/a	n/a	n/a	n/a	n/a	21

Definitions

Pending Start refers to a dwelling unit where a building permit and/or National Housing Act approval exists but construction has not started.

Start refers to a dwelling unit where the construction stage incoporates full footings. In the case of multiple units, the definition applies to the entire structure.

Under Construction refers to the inventory of units currently being constructed. This number includes current month starts but not current month completions.

Completion: *for single-detached and semi-detached units*: implies that 90% or more of the structure is complete. A structure may be considered complete and ready for occupancy when only seasonal deficiencies and/or minor infractions to building codes remain. *Row and apartments*: implies that 90% or more of the dwelling units within a structure are completed and ready for occupancy.

Completed and not absorbed refers to newly constructed, completed units which have not been sold or rented.

Total supply refers to total supply of new units and includes pending starts, units under construction and units completed but not absorbed.

Absorptions refer to newly completed units which have been sold or rented. The number of absorptions is obtained from a survey initiated when the structure is completed. Units sold or leased prior to construction are not considered as absorbed until the completion stage.

TABLE 4A
HOUSING ACTIVITY BY MUNICIPALITIES:UNDER CONSTRUCTION

	FREEHOLD						CONDO				PRIVATE RENTAL				ASSISTED RENTAL				GRAND	
	SINGLE		SEMI		ROW		ROW		APT		ROW		APT		ROW		APT		TOTAL	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
UNDER CONSTRUCTION																				
Fort Erie Town	43	49	0	0	0	0	6	6	0	0	0	0	0	0	0	0	0	0	49	55
Lincoln Town	43	54	0	14	7	21	0	4	0	0	0	0	0	0	0	0	0	0	50	93
Niagara Falls City	95	85	6	2	27	43	56	10	0	0	0	0	0	0	0	0	0	0	184	140
Niagara-on-the-Lake Town	26	34	0	8	28	8	6	9	0	0	0	0	0	0	0	0	0	0	60	59
Pelham Town	35	30	0	0	0	0	9	16	0	0	0	0	0	0	0	0	0	0	44	46
Port Colborne City	14	9	0	0	9	9	0	0	0	0	0	0	0	0	0	0	0	0	23	18
St. Catharines City	99	73	14	10	12	0	23	27	0	0	0	0	2	4	0	0	0	0	150	114
Thorold City	29	13	4	2	4	8	0	0	0	0	0	0	0	0	0	0	0	0	37	23
Wainfleet Twp.	17	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	17	13
Welland City	55	54	18	4	68	17	0	0	0	0	0	0	0	0	0	0	0	0	141	75
Total CMA	456	414	42	40	155	106	100	72	0	0	0	0	2	4	0	0	0	0	755	636

TABLE 4B
HOUSING ACTIVITY BY MUNICIPALITIES: COMPLETIONS

	FREEHOLD						CONDO				PRIVATE RENTAL				ASSISTED RENTAL				GRAND	
	SINGLE		SEMI		ROW		ROW		APT		ROW		APT		ROW		APT		TOTAL	
	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2
COMPLETIONS																				
Fort Erie Town	30	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	30	18
Lincoln Town	23	17	2	4	0	3	0	0	0	0	0	0	0	0	0	0	0	0	25	24
Niagara Falls City	61	39	0	0	11	4	0	0	0	0	0	0	0	0	0	0	0	0	72	43
Niagara-on-the-Lake Town	24	26	0	6	0	15	0	6	0	0	0	0	0	0	0	0	0	0	24	53
Pelham Town	13	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13	10
Port Colborne City	6	4	0	0	0	8	0	0	0	0	0	0	0	0	0	0	0	0	6	12
St. Catharines City	58	47	2	4	0	0	0	4	0	0	0	0	0	0	0	0	0	0	60	55
Thorold City	15	6	6	2	11	5	0	0	0	0	0	0	0	0	0	0	0	0	32	13
Wainfleet Twp.	3	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3
Welland City	33	26	6	8	4	0	0	0	0	0	0	0	0	0	0	0	0	0	43	34
Total CMA	266	196	16	24	26	35	0	10	0	0	0	0	0	0	0	0	0	0	308	265

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TABLE 4C
HOUSING ACTIVITY BY MUNICIPALITIES: ABSORPTIONS

	FREEHOLD						CONDO				PRIVATE RENTAL				ASSISTED RENTAL				GRAND	
	SINGLE		SEMI		ROW		ROW		APT		ROW		APT		ROW		APT		TOTAL	
	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2
ABSORPTIONS																				
Fort Erie Town	32	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32	17
Lincoln Town	25	3	3	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	30	5
Niagara Falls City	59	22	0	0	12	0	0	1	0	0	0	0	0	0	0	0	0	0	71	23
Niagara-on-the-Lake Town	30	2	2	0	1	3	0	0	0	0	0	0	0	0	0	0	0	0	33	5
Pelham Town	12	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12	2
Port Colborne City	5	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	1
St. Catharines City	56	19	4	2	1	0	1	0	0	0	0	0	0	20	0	0	0	0	62	41
Thorold City	15	3	4	0	11	0	0	0	0	0	0	0	0	0	0	0	0	0	30	3
Wainfleet Twp.	3	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3
Welland City	36	7	7	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	47	8
Total CMA	273	79	20	5	31	3	1	1	0	0	0	0	0	20	0	0	0	0	325	108

TABLE 4D
HOUSING ACTIVITY BY MUNICIPALITIES: COMPLETED AND NOT ABSORBED

	FREEHOLD						CONDO				PRIVATE RENTAL				ASSISTED RENTAL				GRAND	
	SINGLE		SEMI		ROW		ROW		APT		ROW		APT		ROW		APT		TOTAL	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
COMPLETED AND NOT ABSORBED																				
Fort Erie Town	2	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	9
Lincoln Town	5	7	0	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	7	9
Niagara Falls City	10	13	0	0	1	4	2	5	0	0	0	0	0	0	0	0	0	0	13	22
Niagara-on-the-Lake Town	12	21	6	3	0	0	6	4	0	0	0	0	0	0	0	0	0	0	24	28
Pelham Town	4	5	0	0	0	0	1	0	0	2	0	0	0	0	0	0	0	0	5	7
Port Colborne City	1	0	0	0	1	2	0	0	0	0	0	0	0	0	0	0	0	0	2	2
St. Catharines City	25	18	3	5	0	0	2	4	0	0	0	0	0	1	0	0	0	0	30	28
Thorold City	1	1	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3
Wainfleet Twp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Welland City	7	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7	3
Total CMA	67	77	11	12	4	6	11	13	0	2	0	0	0	1	0	0	0	0	93	111

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TABLE 5: ABSORPTION OF SINGLE DETACHED UNITS BY PRICE RANGE

	<$100		100-149		150-199		200-249		250-299		300-349		350-399		400-449		450+		TOTAL	
	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2	03Q2	02Q2
Fort Erie Town	0	0	5	4	15	13	2	3	3	1	4	0	0	0	1	0	2	0	32	21
Port Colborne	0	0	0	0	4	4	0	0	0	1	0	0	0	0	1	0	0	0	5	5
Wainfleet Twp.	0	0	0	0	3	1	0	2	0	0	0	0	0	0	0	0	0	0	3	3
Pelham Town	0	0	0	0	0	2	1	5	6	3	2	2	2	0	0	0	1	1	12	13
Welland City	0	0	3	6	19	16	11	5	3	1	0	0	0	0	0	0	0	0	36	28
Thorold City	0	0	1	2	4	2	5	3	5	0	0	0	0	0	0	0	0	0	15	7
Niagara Falls City	1	0	0	1	21	36	17	4	15	1	1	2	3	0	1	0	0	3	59	47
NOTL	0	0	0	0	0	3	9	5	2	13	7	1	4	1	6	1	2	3	30	27
St. Catharines	0	0	0	3	13	13	26	16	11	8	3	4	2	3	0	2	1	0	56	49
Lincoln Town	0	0	0	0	9	14	8	3	0	1	3	1	2	0	2	0	1	0	25	19
St. Catharines CMA	1	0	9	16	88	104	79	46	45	29	20	10	13	4	11	3	7	7	273	219

CHART 2: DISTRIBUTION OF SINGLE DETACHED UNITS BY PRICE RANGE

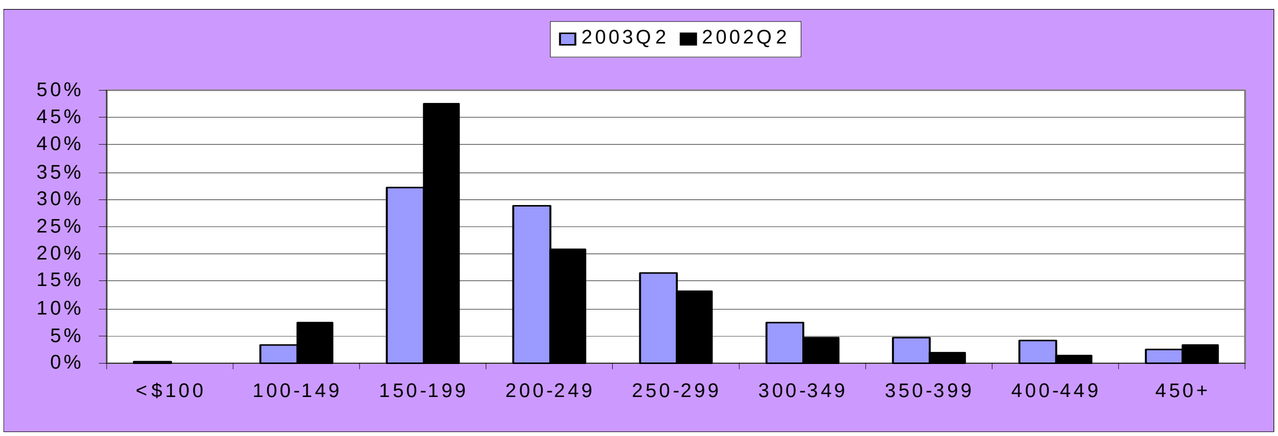

CHART 3: PROPORTION OF SINGLES AT OR ABOVE $250,000