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### NEW HOME MARKET

#### Starts lower in first half of 2005

New home construction in the St. Catharines-Niagara CMA is trending lower. Construction commenced on 351 homes in the second quarter of 2005, down 21 per cent from the same period last year.

Both the single-detached and multiple home segments contributed equally to the slowdown in new home construction in the second quarter. Single-detached starts fell 21 per cent, while multiple starts declined 20 per cent from the same quarter last year. The decline in condominium row and rental starts pulled multiple starts lower.

Despite low mortgage rates, respectable job growth, positive net migration and a tight resale market, new home construction levels are lower. Rising new listings in the resale market is fuelling choice for potential homebuyers. Fewer homebuyers are looking to the new home market first, as most start their home search in the resale market. Furthermore, the higher new home prices have also swayed potential homebuyers to the existing home market.

On the supply side of the equation, inventory levels of newly completed

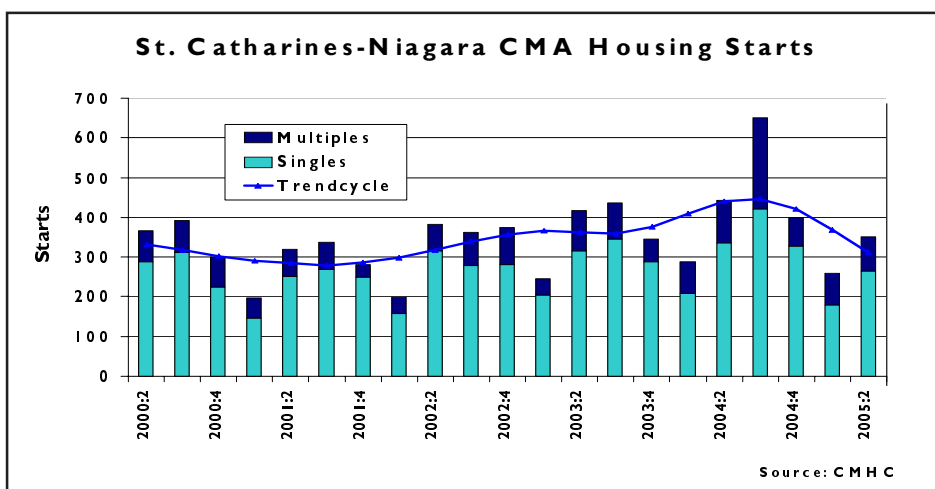
### SECOND QUARTER 2005

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and unabsorbed units are rising. As inventories increase, there is less incentive for homebuilders to bring new supply on line.

Homebuilders are responding to weaker demand for single-detached homes. The average price of a new single-detached home rose by three per cent to \$286,962 in the second quarter of 2005 when compared to the same period last year. This smaller increase came despite the double digit rise in the land component of the New Home Price Index (NHPI) between April 2004 and April 2005. In fact, for the first six months of 2005, the average price of



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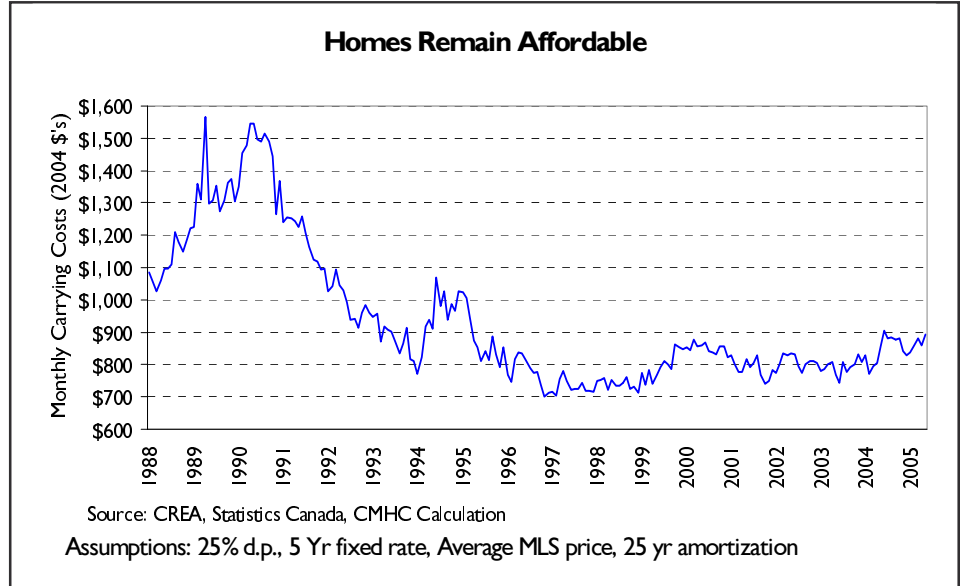
a single-detached home in the St. Catharines-Niagara CMA has actually declined from the same time last year.

Of the 10 municipalities in the CMA, only the towns of Niagara-on-the-Lake, Fort Erie and Port Colborne have positive home starts this year. Niagara-on-the-Lake starts were pushed higher as multiple starts nearly doubled. Niagara-on-the-Lake continues to draw move-up buyers due to the area's charm and prestige. On the other hand, Fort Erie and Port Colborne's more affordable prices attract first-time buyers.

## RESALE MARKET

### Second quarter resales very strong

After adjusting for seasonal variations, MLS® sales in the St. Catharines CMA moved higher this quarter. With a seasonally adjusted annual rate (SAAR) of just over 6,600 SAAR in the second quarter, sales are very strong, only slightly lower than last year's 6,723 total sales. Low mortgage rates, respectable job growth, strong consumer confidence, and positive net migration continue to drive demand for resale homes.



Actual MLS® sales in the second quarter of 2005 were down just over 2 per cent from the same period last year. Resales this quarter were the second best number recorded for any quarter through MLS®.

A conventional indicator for supply is new listings which have outpaced levels recorded last year. Second quarter new listings rose by 8 per cent when compared to the second quarter of 2004. Move-up buyer activity is expanding. Equity gains among homeowners continue to encourage many to list their homes. Rising new listings contributed to

the strong sales performance in the second quarter.

With sales edging lower and new listings trending higher, the sales-to-new listings ratio, a leading indicator of future price growth, declined to reach 62 per cent in the second quarter of 2005 when compared to the same period in 2004. Despite this decline, the resale market remains in sellers' territory. Tight resale market conditions will continue to put upward pressure on home prices. All three districts remain in sellers' territory.

Average resale prices continue to trend higher. The average MLS® resale price of a home in the St. Catharines CMA in the second quarter of 2005 rose to \$185,052, up almost 10 per cent from the same time last year. With the resale market in sellers' territory, price increases will continue to outpace inflation.

Despite rising home prices, low mortgage rates have kept inflation-adjusted monthly carrying costs (principal and interest) low relative to carrying costs in 1990. This is good news for first-time buyers, as homes remain very affordable.

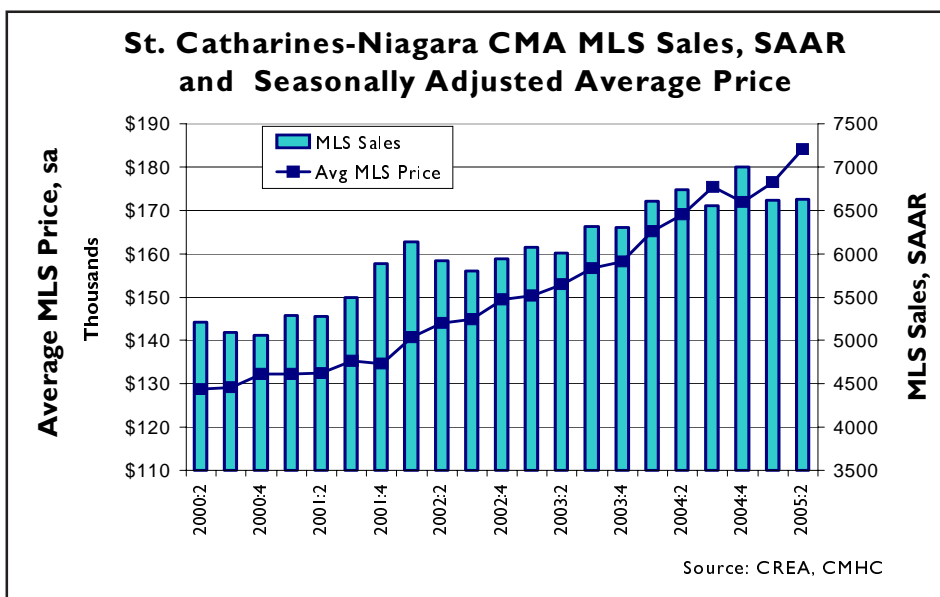


Table I: Housing Activity Summary for St. Catharines-Niagara CMA

	OWNERSHIP					RENTAL		GRAND **TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
<b>STARTS</b>								
Q2 2005	266	30	42	10	0	0	3	351
Q2 2004	336	18	37	25	0	12	14	442
% Change	-20.8	66.7	13.5	-60.0	NA	-100.0	-78.6	-20.6
Year-to-date 2005	446	46	82	29	0	5	3	611
Year-to-date 2004	544	32	81	42	0	15	16	730
% Change	-18.0	43.8	1.2	-31.0	NA	-66.7	-81.3	-16.3
<b>UNDER CONSTRUCTION</b>								
June 2005	471	48	146	120	0	5	103	893
June 2004	492	42	136	145	0	9	16	840
<b>COMPLETIONS</b>								
Q2 2005	253	24	44	18	0	0	6	345
Q2 2004	280	10	41	12	0	7	0	350
% Change	-9.6	140.0	7.3	50.0	NA	-100.0	NA	-1.4
Year-to-date 2005	536	44	72	61	0	4	11	728
Year-to-date 2004	521	22	64	31	0	7	0	645
% Change	2.9	100.0	12.5	96.8	NA	-42.9	NA	12.9
<b>COMPLETE &amp; NOT ABSORBED</b>								
June 2005	86	10	10	2	0	0	4	112
June 2004	67	1	10	3	0	0	0	81
<b>ABSORPTIONS</b>								
Q2 2005	234	24	42	19	0	0	2	321
Q2 2004	296	11	42	13	0	7	0	369
% Change	-20.9	118.2	0.0	46.2	NA	-100.0	NA	-13.0
Year-to-date 2005	510	42	68	61	0	4	7	692
Year-to-date 2004	520	27	60	34	0	7	0	648
% Change	-1.9	55.6	13.3	79.4	NA	-42.9	NA	6.8

\*Includes all market types

\*\*Year-over-year change greater than 200 per cent

Source: CMHC

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### Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q2 2004	Q2 2005	% change	Q2 2004	Q2 2005	% change	Q2 2004	Q2 2005	% change
<b>St. Catharines-Niagara CMA</b>	336	266	-20.8	106	85	-19.8	442	351	-20.6
St. Catharines City	69	36	-47.8	44	24	-45.5	113	60	-46.9
Niagara Falls	66	56	-15.2	2	3	50.0	68	59	-13.2
Welland	41	37	-9.8	20	6	-70.0	61	43	-29.5
Lincoln Town	19	15	-21.1	20	0	NA	39	15	-61.5
Fort Erie	32	33	3.1	5	5	0.0	37	38	2.7
Niagara-on-the-Lake	37	42	13.5	0	38	NA	37	80	116.2
Pelham	27	17	-37.0	0	0	NA	27	17	-37.0
Port Colborne City	14	13	-7.1	6	7	16.7	20	20	0.0
Thorold City	25	15	-40.0	9	2	-77.8	34	17	-50.0
Wainfleet TWP.	6	2	-66.7	0	0	NA	6	2	-66.7

### Table 2B: Starts by Area and by Intended Market - Year-to-Date

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2004	YTD 2005	% change	YTD 2004	YTD 2005	% change	YTD 2004	YTD 2005	% change
<b>St. Catharines-Niagara CMA</b>	544	446	-18.0	186	165	-11.3	730	611	-16.3
St. Catharines City	111	57	-48.6	56	52	-7.1	167	109	-34.7
Niagara Falls	110	91	-17.3	16	3	-81.3	126	94	-25.4
Welland	66	64	-3.0	34	6	-82.4	100	70	-30.0
Lincoln Town	33	32	-3.0	23	9	-60.9	56	41	-26.8
Fort Erie	62	65	4.8	5	5	0.0	67	70	4.5
Niagara-on-the-Lake	66	63	-4.5	31	61	96.8	97	124	27.8
Pelham	36	28	-22.2	2	4	100.0	38	32	-15.8
Port Colborne City	16	16	0.0	6	14	133.3	22	30	36.4
Thorold City	37	24	-35.1	13	11	-15.4	50	35	-30.0
Wainfleet TWP.	7	6	-14.3	0	0	NA	7	6	-14.3

### Table 3: Average Price of Completed and Absorbed Single-Detached Dwellings (\$)

Sub Market Area	Q2 2004	Q2 2005	% Change	YTD 2004	YTD 2005	% Change
<b>St. Catharines-Niagara CMA</b>	278,671	286,962	3.0	277,812	275,196	-0.9
St. Catharines City	244,585	282,648	15.6	255,605	279,299	9.3
Niagara Falls	271,091	270,705	-0.1	284,280	261,018	-8.2
Welland	211,956	214,296	1.1	204,163	216,071	5.8
Lincoln Town	311,400	284,400	-8.7	302,932	294,871	-2.7
Fort Erie	275,918	254,521	-7.8	258,180	231,071	-10.5
Niagara-on-the-Lake	387,861	337,650	-12.9	376,481	356,314	-5.4
Pelham	337,771	424,227	25.6	329,879	392,377	18.9
Port Colborne City	215,580	NA	NA	256,488	210,180	-18.1
Thorold City	201,670	272,860	35.3	205,681	245,207	19.2
Wainfleet TWP.	321,798	285,965	-11.1	328,617	289,230	-12.0

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

Table 4: Completed and Absorbed Single-Detached Units by Price Range

AREA	PRICE RANGES												TOTAL
	<\$150,000		\$150,000-\$199,999		\$200,000-\$249,999		\$250,000-\$299,999		\$300,000-\$449,999		\$450,000+		
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
<b>St. Catharines-Niagara CMA</b>													
Q2 2005	6	2.6	28	12.0	49	20.9	61	26.1	80	34.2	10	4.3	234
Q2 2004	8	2.7	62	20.9	80	27.0	45	15.2	83	28.0	18	6.1	296
YTD 2005	15	2.9	80	15.7	126	24.7	114	22.4	156	30.6	19	3.7	510
YTD 2004	15	2.9	110	21.2	136	26.2	95	18.3	136	26.2	28	5.4	520
<b>St. Catharines City</b>													
Q2 2005	0	0.0	5	11.4	7	15.9	17	38.6	15	34.1	0	0.0	44
Q2 2004	1	1.7	9	15.5	28	48.3	11	19.0	9	15.5	0	0.0	58
YTD 2005	0	0.0	8	8.9	20	22.2	32	35.6	29	32.2	1	1.1	90
YTD 2004	1	1.0	17	16.7	36	35.3	30	29.4	17	16.7	1	1.0	102
<b>Niagara Falls</b>													
Q2 2005	0	0.0	4	8.3	18	37.5	13	27.1	11	22.9	2	4.2	48
Q2 2004	0	0.0	9	14.3	25	39.7	13	20.6	11	17.5	5	7.9	63
YTD 2005	0	0.0	13	12.0	47	43.5	21	19.4	23	21.3	4	3.7	108
YTD 2004	1	0.8	18	14.8	45	36.9	27	22.1	21	17.2	10	8.2	122
<b>Welland</b>													
Q2 2005	3	10.7	11	39.3	4	14.3	8	28.6	2	7.1	0	0.0	28
Q2 2004	0	0.0	24	66.7	3	8.3	4	11.1	5	13.9	0	0.0	36
YTD 2005	4	5.1	36	46.2	14	17.9	17	21.8	7	9.0	0	0.0	78
YTD 2004	3	4.6	39	60.0	8	12.3	8	12.3	7	10.8	0	0.0	65
<b>Lincoln Town</b>													
Q2 2005	0	0.0	1	5.6	6	33.3	4	22.2	7	38.9	0	0.0	18
Q2 2004	0	0.0	2	16.7	3	25.0	3	25.0	2	16.7	2	16.7	12
YTD 2005	0	0.0	1	2.9	16	45.7	4	11.4	13	37.1	1	2.9	35
YTD 2004	1	3.1	3	9.4	11	34.4	4	12.5	11	34.4	2	6.3	32
<b>Fort Erie</b>													
Q2 2005	1	4.5	5	22.7	5	22.7	5	22.7	6	27.3	0	0.0	22
Q2 2004	4	12.9	8	25.8	9	29.0	2	6.5	6	19.4	2	6.5	31
YTD 2005	7	13.2	10	18.9	15	28.3	13	24.5	8	15.1	0	0.0	53
YTD 2004	6	11.8	18	35.3	13	25.5	5	9.8	6	11.8	3	5.9	51
<b>Niagara-on-the-Lake</b>													
Q2 2005	0	0.0	0	0.0	3	10.7	9	32.1	13	46.4	3	10.7	28
Q2 2004	0	0.0	0	0.0	3	6.5	5	10.9	32	69.6	6	13.0	46
YTD 2005	0	0.0	0	0.0	3	5.2	10	17.2	40	69.0	5	8.6	58
YTD 2004	0	0.0	0	0.0	7	10.9	8	12.5	42	65.6	7	10.9	64
<b>Pelham</b>													
Q2 2005	0	0.0	0	0.0	0	0.0	1	5.3	13	68.4	5	26.3	19
Q2 2004	0	0.0	0	0.0	0	0.0	4	21.1	13	68.4	2	10.5	19
YTD 2005	0	0.0	1	2.9	1	2.9	5	14.7	19	55.9	8	23.5	34
YTD 2004	0	0.0	0	0.0	3	8.3	6	16.7	25	69.4	2	5.6	36
<b>Port Colborne City</b>													
Q2 2005	0	NA	0	NA	0	NA	0	NA	0	NA	0	NA	0
Q2 2004	1	20.0	2	40.0	0	0.0	1	20.0	1	20.0	0	0.0	5
YTD 2005	0	0.0	4	40.0	3	30.0	3	30.0	0	0.0	0	0.0	10
YTD 2004	1	12.5	4	50.0	0	0.0	1	12.5	1	12.5	1	12.5	8
<b>Thorold City</b>													
Q2 2005	2	11.1	2	11.1	5	27.8	1	5.6	8	44.4	0	0.0	18
Q2 2004	2	10.0	8	40.0	8	40.0	1	5.0	1	5.0	0	0.0	20
YTD 2005	4	14.3	7	25.0	6	21.4	2	7.1	9	32.1	0	0.0	28
YTD 2004	2	6.9	11	37.9	12	41.4	3	10.3	1	3.4	0	0.0	29
<b>Wainfleet TWP.</b>													
Q2 2005	0	0.0	0	0.0	1	11.1	3	33.3	5	55.6	0	0.0	9
Q2 2004	0	0.0	0	0.0	1	16.7	1	16.7	3	50.0	1	16.7	6
YTD 2005	0	0.0	0	0.0	1	6.3	7	43.8	8	50.0	0	0.0	16
YTD 2004	0	0.0	0	0.0	1	9.1	3	27.3	5	45.5	2	18.2	11

Table 5: Resale Housing Activity for St.Catharines-Niagara CMA

	Number of Sales	Yr/Yr %	Number of New Listings	Sales-to-New Listings	Average Price (\$)	Yr/Yr %
<b>All districts</b>						
Q2 2004	2,066	11.6	3,008	68.7	168,874	11.6
Q2 2005	2,023	-2.1	3,251	62.2	185,052	9.6
YTD 2004	3,548	10.8	5,300		166,622	10.1
YTD 2005	3,481	-1.9	5,781		181,059	8.7
<b>St. Catharines district</b>						
Q2 2004	923	-2.2	1,393	66.3	182,678	9.9
Q2 2005	920	-0.3	1,460	63.0	203,571	11.4
YTD 2004	1,681	2.6	2,483		178,786	9.4
YTD 2005	1,583	-5.8	2,596		199,185	11.4
<b>Niagara Falls-Fort Erie</b>						
Q2 2004	666	25.0	924	72.1	161,588	19.0
Q2 2005	633	-5.0	1,005	63.0	177,834	10.1
YTD 2004	1,060	18.7	1,589		159,188	12.8
YTD 2005	1,089	2.7	1,787		174,030	9.3
<b>Welland district</b>						
Q2 2004	477	27.5	691	69.0	152,337	12.2
Q2 2005	470	-1.5	786	59.8	158,525	4.1
YTD 2004	807	20.1	1,228		151,049	11.9
YTD 2005	809	0.2	1,398		155,053	2.7
<b>Historical Data (1995-2004)</b>						
	Annual Sales	Yr/Yr %	Annual New Listings	Yr/Yr %	Annual Average Price (\$)	Yr/Yr %
1995	4,609	-8.5	11,983	-9.6	114,252	-2.7
1996	5,457	18.4	11,873	-0.9	114,072	-0.2
1997	5,509	1.0	11,154	-6.1	117,778	3.2
1998	5,794	5.2	11,354	1.8	121,981	3.6
1999	5,863	1.2	9,982	-12.1	126,155	3.4
2000	5,207	-11.2	9,310	-6.7	129,390	2.6
2001	5,488	5.4	9,221	-1.0	133,715	3.3
2002	5,951	8.4	8,828	-4.3	144,720	8.2
2003	6,174	3.7	9,270	5.0	154,559	6.8
2004	6,723	8.9	10,064	8.6	170,425	10.3

Source: Canadian Real Estate Association

Table 6: Economic Indicators

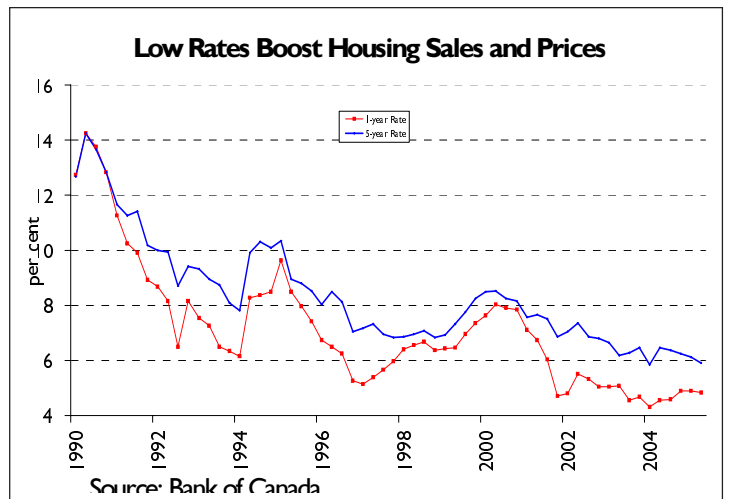
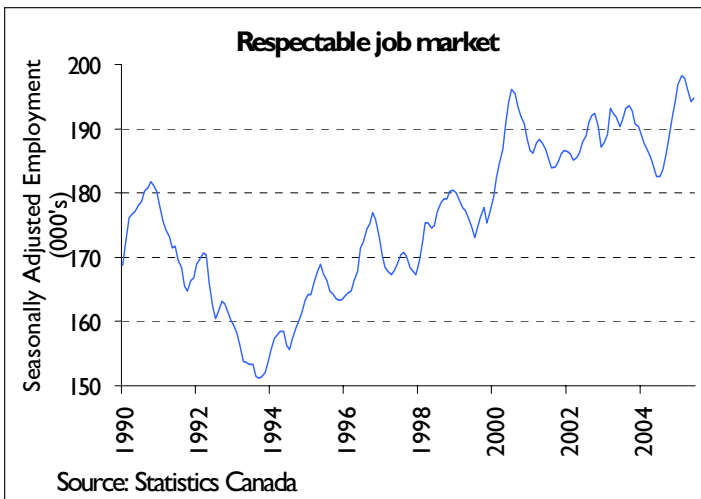
		Interest and Exchange Rates				Inflation Rate (%)	NHPI*** % chg.	St. Catharines-Niagara CMA Labour Market		
		P & I*	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)			Ontario 1996=100	St. Catharines-Niagara CMA 1997=100	Employment SA** (.000)
			1 Yr. Term	5 Yr. Term						
2004	January	642.78	4.3	6.1	0.755	1.5	5.5	189.0	-0.7	6.9
	February	627.97	4.3	5.8	0.749	0.8	6.1	187.7	-0.7	7.1
	March	622.08	4.3	5.7	0.763	1.1	6.0	186.7	-0.5	7.7
	April	648.75	4.5	6.2	0.729	2.3	6.7	185.5	-0.6	7.8
	May	669.82	4.6	6.5	0.733	2.8	4.8	184.1	-0.8	8.0
	June	681.99	4.7	6.7	0.750	2.4	6.9	182.6	-0.8	8.1
	July	672.86	4.6	6.6	0.752	2.4	7.6	182.6	0.0	8.1
	August	657.75	4.4	6.3	0.762	1.5	7.1	183.6	0.5	7.8
	September	657.75	4.8	6.3	0.793	1.5	8.1	185.8	1.2	7.1
	October	663.77	4.9	6.4	0.821	2.1	7.9	188.4	1.4	6.5
	November	657.75	5.0	6.3	0.843	2.2	6.8	192.0	1.9	6.4
	December	642.78	4.8	6.1	0.832	1.9	8.9	194.4	1.3	6.6
2005	January	642.78	4.8	6.1	0.806	1.6	9.3	196.9	1.3	6.5
	February	642.78	4.8	6.1	0.811	2.2	8.5	198.3	0.7	6.0
	March	654.74	5.1	6.3	0.827	2.3	9.2	197.8	-0.3	6.1
	April	642.78	4.9	6.1	0.795	2.3	8.1	196.1	-0.9	6.9
	May	636.84	4.9	6.0	0.797	1.5	9.6	194.2	-1.0	6.8
	June	622.08	4.8	5.7	0.816	1.9		194.8	0.3	6.5
	July									
	August									
	September									
	October									
	November									
	December									

\*Principal and Interest Payment assumes a five year mortgage rate and 25 year amortization period.

\*\* Seasonally Adjusted

\*\*\* New Housing Price Index

Source: CMHC, Statistics Canada Labour Force Survey



## 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. Absorptions:** the number of completed units (excluding model homes) that have been sold or leased.
- 6. Seasonally Adjusted (SA):** Actual monthly (or quarterly) figures adjusted to remove normal seasonal variation.
- 7. Seasonally Adjust Annual Rates (SAAR):** Seasonally adjusted monthly figures multiplied by 12 (or quarterly figures multiplied by 4) to reflect annualized levels of activity.
- 8. Definitions for CMA, NHPI, CPI, and Inflation Rate** can be found in the Statistics Canada website - <http://www.statcan.ca>

## Your Guide to Renting a Home – CMHC's new, online guide for tenants, landlords, and property managers

CMHC is breaking new ground with the introduction of "Your Guide to Renting a Home". A comprehensive rental guide, developed by the Research and Information Transfer team, this free, online tool launched this spring. It will help the estimated four million Canadian households in rental accommodation, as well as landlords and property managers, to find plain language information on tenant and landlord rights and rental practices across the country.

"Your Guide to Renting a Home" is located on the CMHC Web site at [www.cmhc.ca](http://www.cmhc.ca). From the left-hand menu, you can select "Buying or Renting a Home" and click on "Renting a Home".

## Ontario's 2004 Retirement Homes Report

Do you want to learn more about the dynamic private retirement home market in Ontario? The 2004 Retirement Homes Report has detailed Ontario-wide survey findings by market area covering vacancy rates and per diems by bed type, capture rates, new supply and vacancy rates by rent range for private beds as well as rent distributions. Order your copy today by calling **1-800-493-0059**.

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