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HOUSING FACTS

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Canada Mortgage and Housing Corporation

Annual rate of starts up 34.5 per cent in February

The seasonally adjusted annual rate¹ of housing starts in Canada increased 34.5 per cent in February to 246,400 units from a revised² 183,200 units in January 2003.

Urban multiple starts rose 89.3 per cent to an annual rate of 104,100 units in February from 63,700 in January, while urban singles rose 6.4 per cent to 104,100 units from 97,800 units. Rural starts in February were estimated at an annual rate of 21,700 units.

In February, the housing market continued to show a high level of activity. The surge in multiples

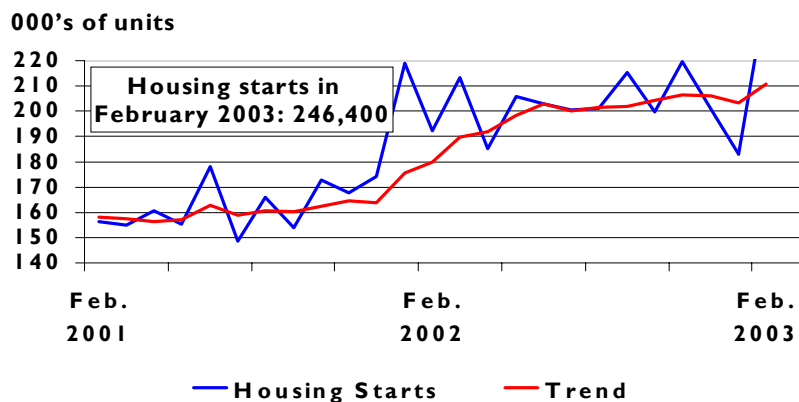
reflects the volatility typical of that sector of the market. The CMHC forecast for total housing starts in 2003 remains 205,500.

Estimated actual urban housing starts for the first two months of 2003 were 11.5 per cent higher than for the same period of 2002 (23,045 units compared with 20,672 units). The single-detached market increased 6.5 per cent while multiples increased 16.2 per cent. ■

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Housing Starts in Canada - All Areas*



Source: CMHC

* Seasonally adjusted at annual rates

¹⁻² See notes on page 2.



HOME TO CANADIANS
Canada

1. All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.
2. Figures for the most recent month are preliminary and subject to revisions due to corrections or updates from quarterly enumeration or sampling results.

Special note:

Prior to July 2002, the *CMHC Starts and Completions Survey* consisted of a monthly enumeration of new housing activity in urban centres with a population of 10,000 persons and over. As of July 2002, the survey will be conducted monthly in urban centres with a population of 50,000 persons and over and quarterly in urban centres with a population of 10,000 to 49,999 persons. Statistical models will be used to estimate provincial and national housing starts in urban centres with a population of 10,000 persons and over, on a monthly basis.

The methodology is unchanged for estimating housing starts in rural areas (areas other than urban centres with a population of 10,000 persons and over). In these areas, a sample survey is used on a quarterly basis. As was the case in the past, statistical models continue to be used to estimate national housing starts in all areas on a monthly basis.

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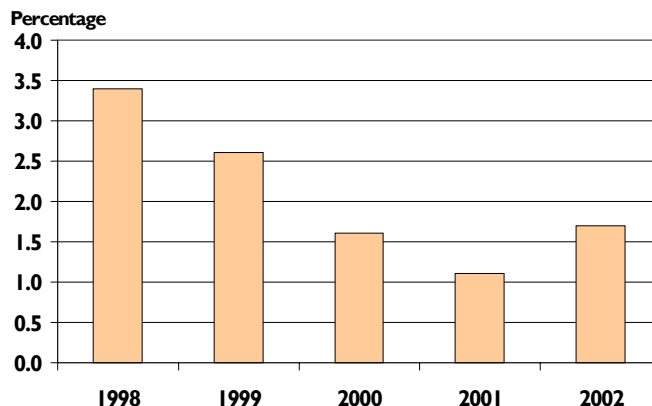
Lower mortgage rates good for owners and renters

Reduction in mortgage carrying costs due to low mortgage rates is good not only for homeowners but for renters as well.

- Rents have increased over the past few years, while mortgage rates have declined substantially. This means that making the jump from renting to homeownership has become relatively easier.
- As people make the jump from renting into homeownership, two things happen: housing starts eventually increase due to the increased demand, and more rental units are freed up as people leave their rented units for their new homes. The evidence supporting this trend will be increasing housing starts and vacancy rates.
- In fact, we have seen this materialize across the housing market. According to CMHC's fall 2002 Rental Market Survey, the average vacancy rate across all Census Metropolitan Areas (CMA) increased in 2002 to 1.7 per cent from 1.1 per cent in 2001. Furthermore, total housing starts across the CMAs were up 27.6 per cent in 2002

as compared with 2001. Low mortgage rates should ensure that these two trends continue in the housing market over the near term.■

**Average CMA rental vacancy rate
(Privately initiated with at least 3 units)**



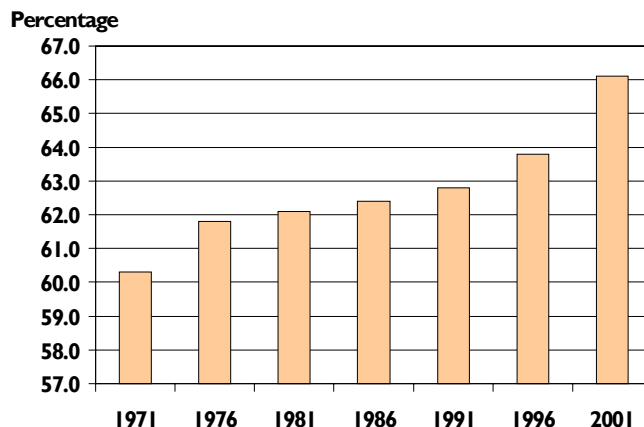
Source: CMHC Rental Market Survey

Homeownership rates have risen in Canada over the past five years

According to the latest release from the 2001 census, the rate of homeownership in Canada has increased more in the past five years than in the previous twenty.

- Home ownership in Canada has constantly been on the increase over the past thirty years albeit at different rates. In fact it has never declined over any of the past six census periods. However, the jump in homeownership between 1996 and 2001 was greater than that of the previous twenty years combined. Almost two out of three households in Canada now own their home.
- This increase reflects a number of factors. Foremost among them is the decline in mortgage rates over the past five years. The average five-year mortgage rate between 1997 and 2001 was 7.5 per cent. This is significantly lower than any of the four previous census periods.
- In addition to this, the average economic growth in the last half of the 1990's was the strongest since the 1972-1976 period.■

Canadian homeownership rates rise



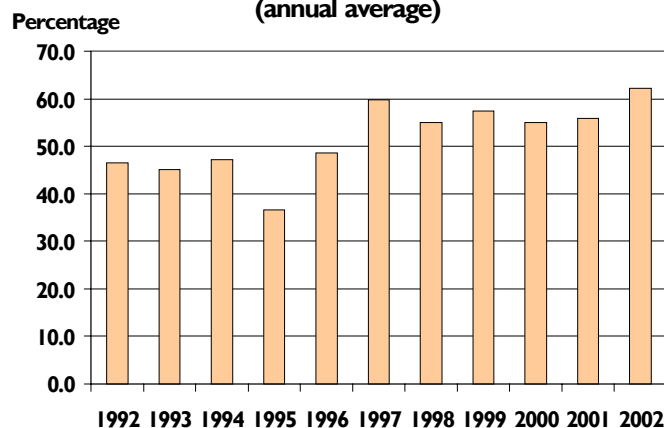
Sources: CMHC, Statistics Canada

Despite uncertainty, confidence was high throughout 2002

Even with all the uncertainty regarding the world economic and political situation, consumer confidence in Canada throughout 2002 showed remarkable resilience.

- In a survey of consumer attitudes, where respondents are asked if it is a good time to buy a big ticket item such as a house, the evidence showed surprising strength in Canadian consumer confidence throughout 2002. Looking at the index Consumer Attitudes, Good Time to Buy, the consumer confidence in 2002 had been the highest over the past ten years.
- This was the case even with all the uncertainties swirling around in the news from very weak equity markets, ever bigger corporate scandals, a weak U.S. economy and tensions over the current geopolitical situation. It is clear that despite all that, strong Canadian job growth and low interest rates in 2002 aided in creating the solid confidence seen in Canadians throughout 2002.■

Consumer confidence high in 2002 (annual average)



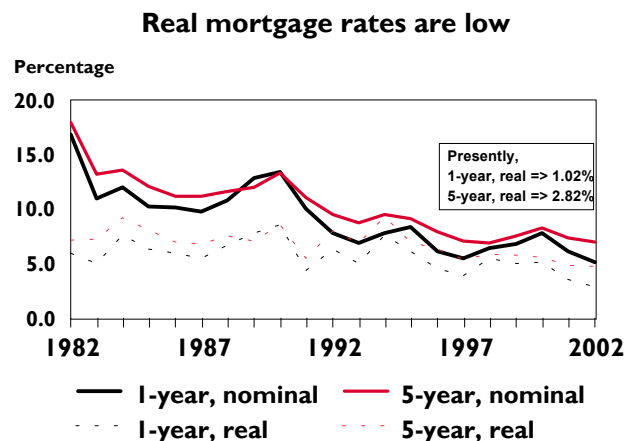
Sources: CMHC, the Conference Board of Canada

Note: Survey participants are asked to assess whether now is a good or a bad time to make a major purchase such as a house, car or other big-ticket items. The percentage of negative responses is subtracted from the percentage of positive responses and the result is indexed to the base year of 1991.

Real mortgage rates are now among the lowest in two decades

Low real mortgage rates imply that homeownership has become a more attractive option now.

- Real mortgage rates are defined as the nominal mortgage rates less an appropriate inflation rate. The change in Consumer Price Index is used as the inflation measure to calculate real mortgage rates.
- Starting in 2000, real mortgage rates have dropped to near twenty year lows. These low real mortgage rates imply that the inflation-adjusted cost of mortgage borrowing has declined making homeownership a more attractive option. ■



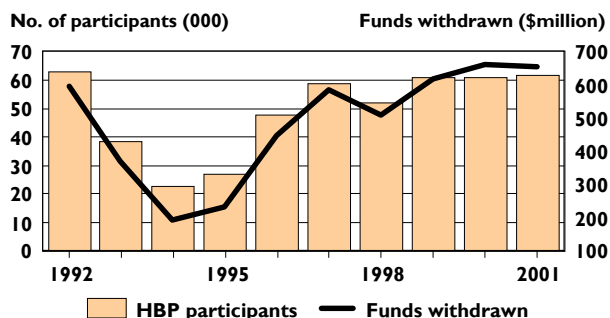
Sources: CMHC, Statistics Canada, Bank of Canada

A series* on RRSP Home Buyers' Plan: Ontario

Nearly half a million Ontario residents have taken advantage of the Home Buyers' Plan.

- The Home Buyers' Plan (HBP) was introduced by the federal government in 1992 to help individuals purchase homes. It allows Canadians, who meet certain eligibility conditions, to withdraw up to \$20,000 tax-free from their Registered Retirement Saving Plans (RRSPs) for this purpose. The amounts withdrawn remain tax-exempt if they are repaid within 15 years.
- Nationally, 2001 recorded the second largest number of individuals to ever participate in the Home Buyers' Plan. On average, \$12,000 or 7.0 per cent of the average MLS house price was withdrawn by home buyers from their RRSPs to acquire a dwelling.
- In Ontario, the federal government's Home Buyers' Plan combined with low mortgage rates helped over 61,000 individuals realize their homeownership dream in 2001 by enabling them to withdraw more than \$653 million in RRSP funds to purchase homes. The average amount withdrawn under the plan was \$10,610.
- Since its inception in 1992, some 493,000 individuals in Ontario have participated in the plan channelling \$4.9 billion to the housing market.
- Nearly 20 per cent of the funds withdrawn has already been repaid. Ontario has accounted for about 41 per cent of participants and RRSP funds withdrawn under the plan since its inception. ■

Ontario's participation in the Home Buyers' Plan



Sources: CMHC, CCRA

* The series will be continued in future editions of Housing Facts and will cover all regions in Canada.

Increase in number of households exceeds housing starts

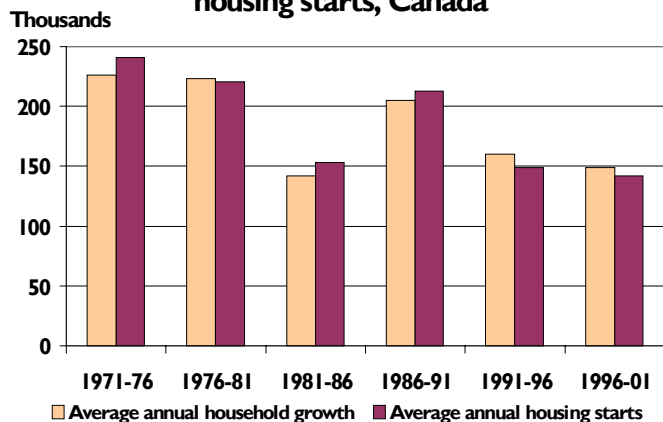
The recently released household estimates of the 2001 Census show that on average over the past 10 years the number of households in Canada increased by about 155,000 per year. During the same time period, there was an average of about 146,000 housing starts per year.

- Over the long term, the housing market is primarily driven by demographic factors. To be more specific, the rate of net household increase is the key demographic factor that influences housing demand.
- From the latest census one can see that during the 1991-2001 period, the average annual increase in the number of households in Canada was just under 155,000. During the same time there was an average of roughly 146,000 housing starts per year. From this, it is clear that the increase in the number of households in Canada during the 1990's exceeded the increase in the number of housing starts over the decade by about 90,000*.

between the increase in number of households and the increase in starts.

- In addition, there are sources of housing supply other than new construction (not included in the Starts and Completions Survey), which contribute to filling the gap. Building permits provide data on conversion activity, such as the division of existing units or the creation of housing units from formerly non-residential spaces. There was a net increase of about 37,000 units in housing supply due to such conversions during the 1991-2001 period.
- The stronger growth in the number of households compared to housing starts also led to a decrease in rental vacancy rates during the 1991-2001 period. In fact, 47,000 previously vacant units are now occupied in privately initiated apartment buildings with three or more units based on the CMHC Rental Market Survey results. This contributed to absorbing part of the increased number of households.
- Solid economic growth, strong job gains and the lowest mortgage rates most people can remember, combined with diminished inventories of newly completed and unoccupied housing units and low rental vacancy rates set the stage for the upsurge in housing starts in 2002 and point to continued strength in housing construction.■

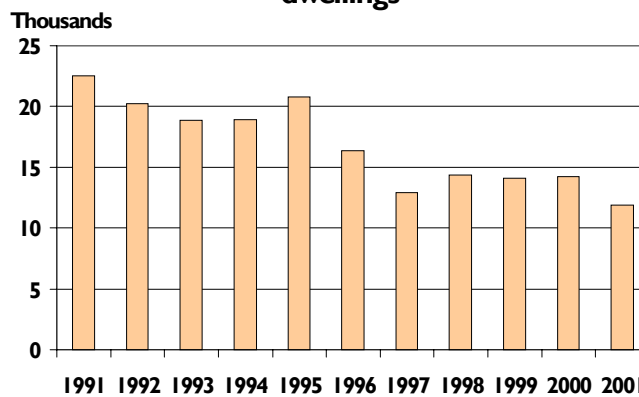
Average annual household growth and housing starts, Canada



Sources: CMHC, Statistics Canada

- The decrease in newly completed and unoccupied dwellings over the past ten years contributed to housing starts being lower than the increase in number of households during the 1991-2001 period. However, since 1991, the number of newly completed and unoccupied dwellings have fallen by 10,629 units. This suggests a faster rate of occupancy that brought about a reduction of the gap

Newly completed and unoccupied dwellings



Source: CMHC

*(This number is not precise because of the different rate of undercounting between the two census periods and other sampling errors.)

Who intends to renovate this year and how much will be spent?

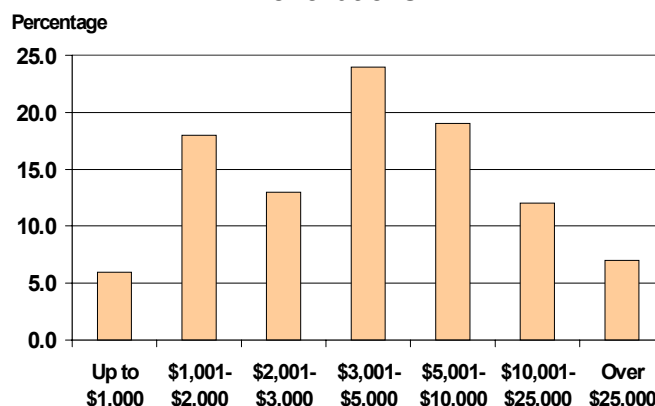
CMHC's 2002 Consumer Intentions to Buy or Renovate survey contains a wealth of information on both the spending intentions and type of renovation intentions for this year.

- CMHC's 2002 Consumer Intentions to Buy or Renovate survey contains a wealth of information on intentions to renovate. One must keep in mind that the results report only what individuals intend to spend. It is known in the market that individuals actually spend more on renovations once they commence than they had originally intended.
- With this in mind, according to CMHC's 2002 Consumer Intentions to Buy or Renovate (ITBR) survey, just over half of renovation spending will be made by persons aged between 35 to 54. In fact, 30 per cent of renovation intenders are in the 35 to 44 age group, while 22 per cent are in the 45 to 54 age group.
- The high percentage of renovation intenders in these two age groups reflects, in part, an ability to pay. These age groups typically have a higher level of income than the younger and senior age groups.
- Thirty-eight per cent of the renovation spending will be made by persons with a

household income between \$60,000 and \$120,000.

- It is interesting to note that 24.0 per cent of renovation intenders said they are planning to spend between \$3,000-\$5,000 on renovations this year, while over 38 per cent of total renovation intenders said that they planned to spend more than \$5,000.

Amount planned to spend on all renovations



Source: CMHC Intentions to Buy or Renovate

- Total renovations are made up of three types of renovations: repair/maintenance, replacement/installation, and remodelling. Of the three types of renovations, the percentage of individuals who intend on spending more than \$5,000 varies across types. Only 15 per cent of renovation intenders who plan on undertaking some form of repairs/maintenance said they planned to spend more than \$5,000. On the other hand, 27 per cent of renovation intenders planning replacement/installation and 35 per cent who intend on undertaking some form of remodelling plan on spending more than \$5,000. ■

Renovation intenders: profile by age

Age group	Percentage
18 to 24	6%
25 to 34	20%
35 to 44	30%
45 to 54	22%
55 to 64	11%
65 and over	7%
No response	5%
Total*	100%

* Note total does not add due to rounding

Source: CMHC Intentions to Buy and Renovate

Detailed data on consumers' home buying and renovation intentions are available from www.cmhc.ca

This Month's Housing Data (SAAR)

	2002	Q2:02	Q3:02	Q4:02	M12:02	M1:03	M2:03
Housing starts, units, 000's							
Canada. Total. All areas	205.0	197.8	205.5	211.6	200.7	183.2	246.1
% chg	26.0	-4.9	3.9	3.0	-6.3	-8.7	34.3
Canada. Total. Rural areas	25.9	24.6	24.7	25.7	25.7	21.7	21.7
% chg	26.7	-20.9	0.4	4.0	0.0	-15.6	0.0
Canada. Total. Urban areas	179.1	173.2	180.8	185.9	175.0	161.5	224.4
% chg	25.9	-2.1	4.4	2.8	-7.2	-7.7	38.9
Canada. Single. Urban areas	103.1	103.1	103.5	106.9	105.8	97.8	103.8
% chg	31.7	4.7	0.4	3.3	1.0	-7.6	6.1
Canada. Multiple. Urban areas	76.1	70.1	77.3	79.0	69.2	63.7	120.6
% chg	18.7	-10.6	10.3	2.2	-17.3	-7.9	89.3
Newfoundland. Total. All areas	2.4	2.5	2.2	2.8	2.5	1.5	2.1
% chg	35.3	19.0	-12.0	27.3	0.0	-40.0	40.0
Prince Edward Island. Total. All areas	0.8	0.8	0.9	0.7	0.8	0.8	0.7
% chg	14.8	14.3	12.5	-22.2	60.0	0.0	-12.5
Nova Scotia. Total. All areas	5.0	4.8	4.4	5.9	7.1	3.5	6.0
% chg	21.5	11.6	-8.3	34.1	36.5	-50.7	71.4
New Brunswick. Total. All areas	3.9	4.1	3.3	5.1	4.2	3.2	2.9
% chg	11.6	64.0	-19.5	54.5	-28.8	-23.8	-9.4
Quebec. Total. All areas	42.5	40.2	43.7	45.3	43.3	44.8	44.2
% chg	53.4	-6.1	8.7	3.7	-5.0	3.5	-1.3
Ontario. Total. All areas	83.6	80.6	83.6	81.4	74.6	69.3	119.2
% chg	14.1	-9.8	3.7	-2.6	-8.9	-7.1	72.0
Manitoba. Total. All areas	3.6	3.4	3.9	3.7	3.3	4.1	3.6
% chg	22.1	0.0	14.7	-5.1	-13.2	24.2	-12.2
Saskatchewan. Total. All areas	3.0	2.5	3.4	3.4	4.1	3.5	2.5
% chg	24.4	4.2	36.0	0.0	46.4	-14.6	-28.6
Alberta. Total. All areas	38.8	38.8	36.4	39.8	37.4	33.4	41.4
% chg	32.8	-5.1	-6.2	9.3	-7.9	-10.7	24.0
British Columbia. Total. All areas	21.6	20.1	23.7	23.5	23.4	19.1	23.5
% chg	25.5	3.1	17.9	-0.8	-7.9	-18.4	23.0

SOURCE: CMHC

All data are seasonally adjusted at an annual rate, latest month's figures are preliminary.

% chg: Per cent change from previous period.

Annual rate of housing starts, urban areas*

	2002	Q2:02	Q3:02	Q4:02	M12:02	M1:03	M2:03
Canada	179.1	173.2	180.8	185.9	175.0	161.5	224.4
Newfoundland	1.6	1.8	1.4	1.5	1.2	1.1	1.7
Prince Edward Island	0.5	0.6	0.6	0.5	0.6	0.6	0.5
Nova Scotia	3.7	3.3	3.5	4.7	5.9	2.2	4.7
New Brunswick	2.6	2.8	2.3	3.6	2.7	2.4	2.1
Québec	33.5	31.7	35.3	36.4	34.4	38.1	37.5
Ontario	79.6	77.5	79.3	76.9	70.1	64.9	114.8
Manitoba	2.2	2.1	2.6	2.1	1.7	2.5	2.0
Saskatchewan	2.4	1.9	3.0	2.7	3.4	3.0	2.0
Alberta	32.7	33.0	30.3	34.9	32.5	28.1	36.1
British Columbia	20.3	18.5	22.5	22.6	22.5	18.6	23.0

* Thousands of units, seasonally adjusted.

This Month's Major Housing Indicators

	2002	Q2:02	Q3:02	Q4:02	M12:02	M1:03	M2:03
New Housing*							
New & unoccupied singles & semis, 000's	4.8	4.9	4.6	4.8	4.7	4.6	4.5
%chg	-16.4	-3.5	-5.4	4.5	-3.8	-0.9	-2.5
New & unoccupied row & apartments, 000's	5.1	5.3	4.8	5.0	5.5	4.8	5.2
%chg	-16.5	2.5	-10.4	5.5	10.2	-13.6	9.7
New House Price Index, 1992=100	110.4	109.9	110.9	112.4	112.9	113.3	n.a.
%chg	4.1	1.5	0.9	1.3	0.4	0.4	n.a.
Existing Housing**							
MLS resales, units. 000's	421.2	412.0	402.7	409.9	394.5	424.8	n.a.
%chg	10.6	-10.5	-2.3	1.8	-2.0	7.7	n.a.
MLS average resale price. \$C, 000's	188.2	187.9	189.7	192.6	194.1	198.0	n.a.
%chg	9.7	2.6	1.0	1.6	-0.4	2.0	n.a.
Mortgage Market							
1-Year Mortgage Rate, %	5.17	5.50	5.33	5.03	4.90	4.90	4.90
5-Year Mortgage Rate, %	7.02	7.37	6.85	6.80	6.70	6.45	6.60

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

chg % change from previous period.

n.a. Figures not available

* Seasonally adjusted.

** Seasonally adjusted at annual rate (SAAR).