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HOUSING FACTS

October 2004, Volume 9, Number 10

Canada Mortgage and Housing Corporation

SEPTEMBER HOUSING STARTS MEET EXPECTATIONS

The seasonally adjusted annual rate¹ of housing starts was 237,900 units in September, down from 248,800 in August.

Housing starts across Canada remain strong and are on track with our expectations for the year. Low mortgage rates, an expanding labour market and solid consumer confidence have pushed housing activity higher in 2004.

Existing home sales are ahead of last year's record setting pace and housing starts are set to reach a 17-year high. This flurry of activity will ease next year as rising mortgage carrying costs moderate housing demand.

September housing starts in Canada's urban centres fell 5.1 per cent to a seasonally adjusted annual rate of 204,700 units due solely to a decline in the volatile multi-family

sector. Urban single detached starts rose 4.4 per cent to 106,700 in September while urban multiples decreased 13.6 per cent to 98,000.

Urban housing starts in September decreased in three regions of Canada but rose in two. The seasonally adjusted annual rate of urban starts dipped 11.3 per cent in British Columbia, 7.5 per cent in Ontario and 2.7 per cent in Quebec. Both the Atlantic and the Prairies bucked the trend by rising 8.0 per cent and 0.8 per cent respectively. The estimated number of rural starts in Canada came in at a seasonally adjusted annual rate of 33,200 units.

For the first three quarters of this year, actual urban starts increased 7.5 per cent compared with the same period last year. Single starts rose 5.2 per cent while multiple starts jumped 10.2 per cent. ■

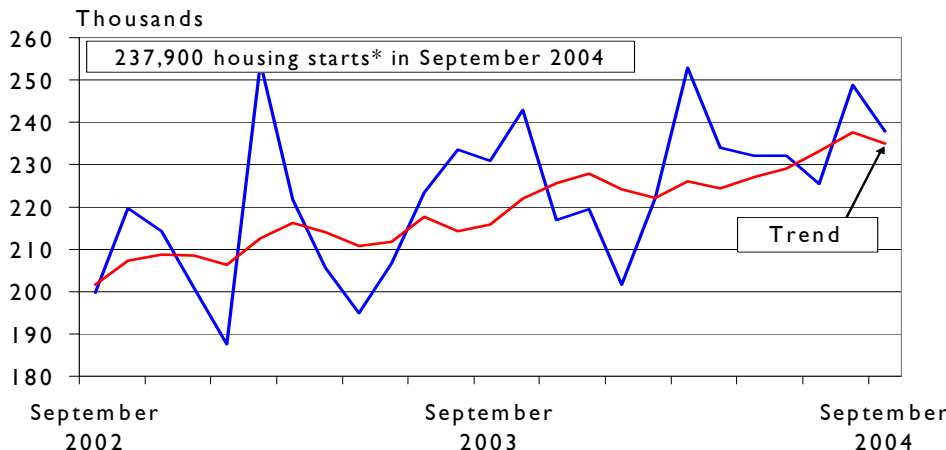
In this Issue:

Mobility and inter-provincial migration 2

Consumer attitudes toward buying a house positive -- 6

Tables 7

Housing Starts in Canada - All Areas*



Source: CMHC

*Seasonally adjusted at annual rates

¹ See note 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.

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Mobility and Inter-provincial migration

Inter-provincial migration occurs in large numbers in Canada and has a significant impact on local and provincial housing markets.

- Inter-provincial migration is cyclical in nature and can vary a great deal from one year to the next. This inter-provincial migration is a significant driver of housing demand in certain provinces.
- Household mobility, as defined by Statistics Canada, is the movement of persons from one centre to another. It includes households who have moved to a new home within the province and households that have migrated to another province.
- Between 1996 and 2001, 43.1 per cent of Canadians moved (inter and intra provincially) to a different centre, which is identical to the proportion observed between the previous census periods (1991-1996). The majority of inter-provincial migrants continue to follow previous westerly migration trends, with

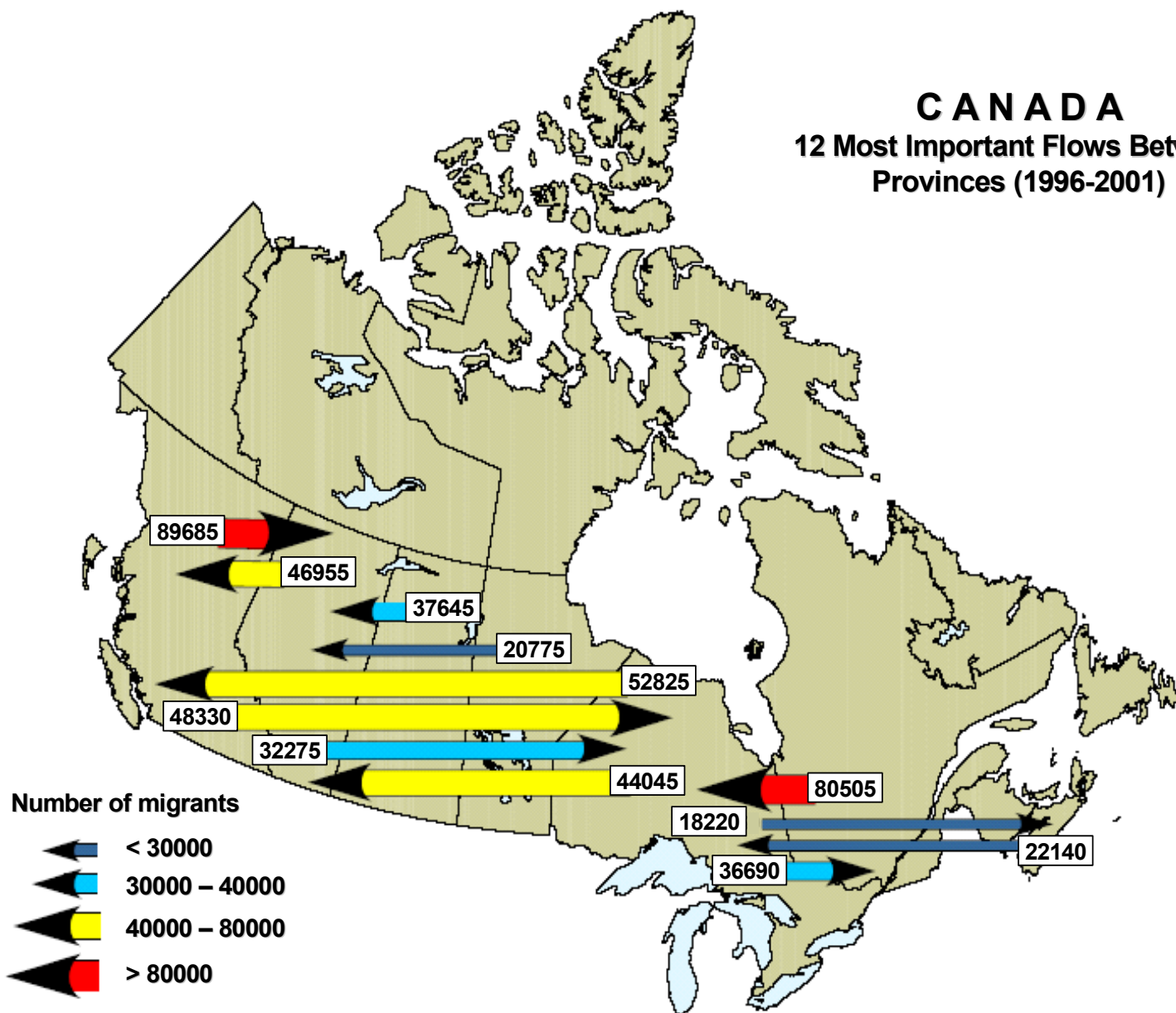
Alberta and British Columbia being the top destinations for movers between censuses, followed by Ontario.

- Nearly 67 per cent of renter households moved to a different centre between the 1996 and 2001 census periods, while only 30.7 per cent of owner households moved to a different centre. Thus, between 1996 and 2001, renter households were twice as mobile as owner households. The top three inter-provincial destinations for mobile owner households between census periods were Alberta, Ontario, and British Columbia, while the top three destinations for mobile renter households were Alberta, British Columbia, and Saskatchewan (Ontario and Quebec attracted the smallest number of renter households).

continued on page 3....

continued: Mobility and Inter-provincial migration

CANADA
12 Most Important Flows Between Provinces (1996-2001)



Sources: CMHC, Statistics Canada, 2001 Census of Canada, Produced by the Geography Division

- Mobility is related to income. As a household's income increases so does its mobility. For example, only 21 per cent of renter households with income of less than \$10,000 were mobile, while 43.3 per cent of renter households with income over \$50,000 were mobile. This trend of increased mobility for higher income households was also observed among homeowners between the two census periods.

- Due to the unique characteristics of each home (i.e. in terms of its location, type of home, proximity to services such as shopping, etc.), the migrating household may have difficulty finding a comparable home on the existing home market at the new destination. As a result, in some cases they turn to the new home market to meet their housing needs. The degree of interprovincial migration can have an impact on the rate of growth of the

continued on page 4....

continued: Mobility and Inter-provincial migration

national housing stock.

- High migration stimulates demand for housing, thus creating business opportunities for individuals and businesses involved in the residential real estate industry (such as, moving companies, real estate agents, lawyers, etc). The magnitude of the impact of migration on each of the province's housing markets is obtained by dividing net migration by the total population of each province as shown in the table below. In light of these figures, net migration for 2003 has had more of an impact on the housing market in Atlantic Canada and the Prairies than in Quebec, British Columbia and Ontario.
- In Alberta, the net inter-provincial migration between July 1st, 2002 and June 30th, 2003 was 11,560 individuals. The gains were made mainly at the expense of Saskatchewan, followed by British Columbia and Ontario. Alberta continues

to attract inter-provincial migration thanks to a strong labour market.

- As for Ontario, net inter-provincial migration has been on the decline over the past several years. In fact, net inter-provincial migration between 2002 and 2003 was 648 individuals, while the previous period, 2001 to 2002, saw net inter-provincial migration of around 5,399 individuals. Although net inter-provincial migration in Ontario has been declining, the effect on the housing market was relatively small since the share of net migration in 2003 was relatively small (i.e. 0.5 migrants for every 100,000 inhabitants).
- Despite negative net migration in British Columbia and in several Atlantic provinces,

continued on page 5....

Interprovincial migration from July 1, 2002 to June 30, 2003

Origin	Destination									
	Nfld.	P.E.I.	N.S.	N.B.	Quebec	Ontario	Manitoba	Sask.	Alberta	B.C.
Nfld.	-	216	1,807	568	241	3,988	178	131	2,831	526
P.E.I.	153	-	585	419	77	663	33	42	363	134
N.S.	1,245	545	-	2,431	909	6,079	394	251	2,709	1,343
N.B.	498	406	2,514	-	2,204	3,708	221	137	1,667	609
Quebec	222	118	747	1,687	-	17,783	351	253	2,295	2,432
Ontario	3,870	815	6,253	3,440	15,495	-	4,034	1,699	12,465	14,816
Manitoba	200	39	459	236	518	4,693	-	2,347	4,830	3,039
Sask.	118	34	286	132	299	1,918	2,455	-	11,798	2,975
Alberta	2,134	320	2,343	1,567	1,969	10,971	3,407	7,467	-	21,322
B.C.	457	163	1,513	678	2,348	13,732	2,389	2,636	24,102	-
In	8,897	2,656	16,507	11,158	24,060	63,535	13,462	14,963	63,060	47,196
Out	10,486	2,469	15,906	11,964	25,888	62,887	16,361	20,015	51,500	48,018
Net Migration	-1,589	187	601	-806	-1,828	648	-2,899	-5,052	11,560	-822
Migration Volume	19,383	5,125	32,413	23,122	49,948	126,422	29,823	34,978	114,560	95,214
Population (in '000's)	518.9	137.1	935.3	750.6	7,469.0	12,179.3	1,158.6	995.2	3,137.5	4,133.9
Migrants/100,000 inhabitants	-30.6	13.6	6.4	-10.7	-2.4	0.5	-25.0	-50.8	36.8	-2.0

Sources: CMHC, Statistics Canada

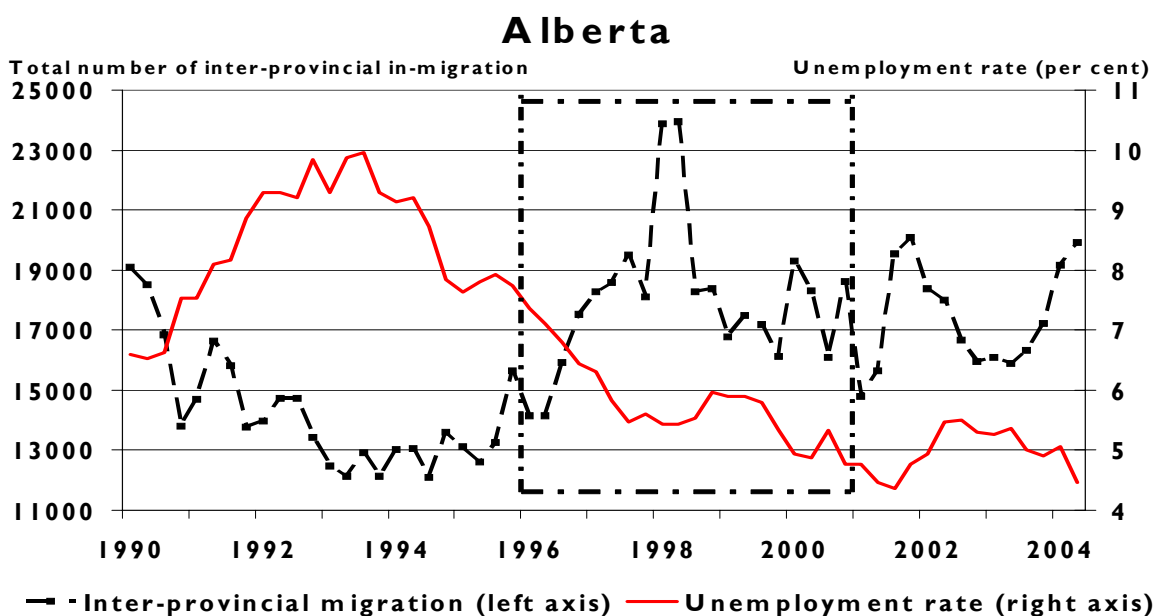
continued: Mobility and Inter-provincial migration

as the population ages, the willingness of new retirees to return to their “roots”, live in a milder climate or opt for an outdoors-oriented lifestyle seem to be potential factors which will help boost net inter-provincial migration to these regions. In fact, over the past five years (i.e. since 1997/1998 period) there has been an increase in inter-provincial migration to the Atlantic, as well as to British Columbia.

- One of the root drives of migration is the labour market. An acceleration of employment growth in a given province or differences in the prosperity between regions may prompt households to move.
- There is an inverse relationship between the unemployment rate and inter-provincial migration. For any given province, as the unemployment rate decreases, net migration increases.
- Between 1996 and 2001, Alberta’s

unemployment rate fell from just above seven per cent to just above four per cent. As Alberta’s unemployment rate fell, inter-provincial migration began to rise with average growth of inter-provincial migration over the five year period of about 5 per cent.

- This migration toward Alberta between 1996 and 2001 is shown on the map on page three. Over this period, Alberta received migrants from British Columbia, Ontario, Saskatchewan, and Manitoba.
- Overall, the impact of inter-provincial migration in Canada plays an important role in provincial and national housing markets. Economic factors, such as employment, play an important role in encouraging the movement of individuals from province to province. Thus, as the economy expands, household mobility increases. ■



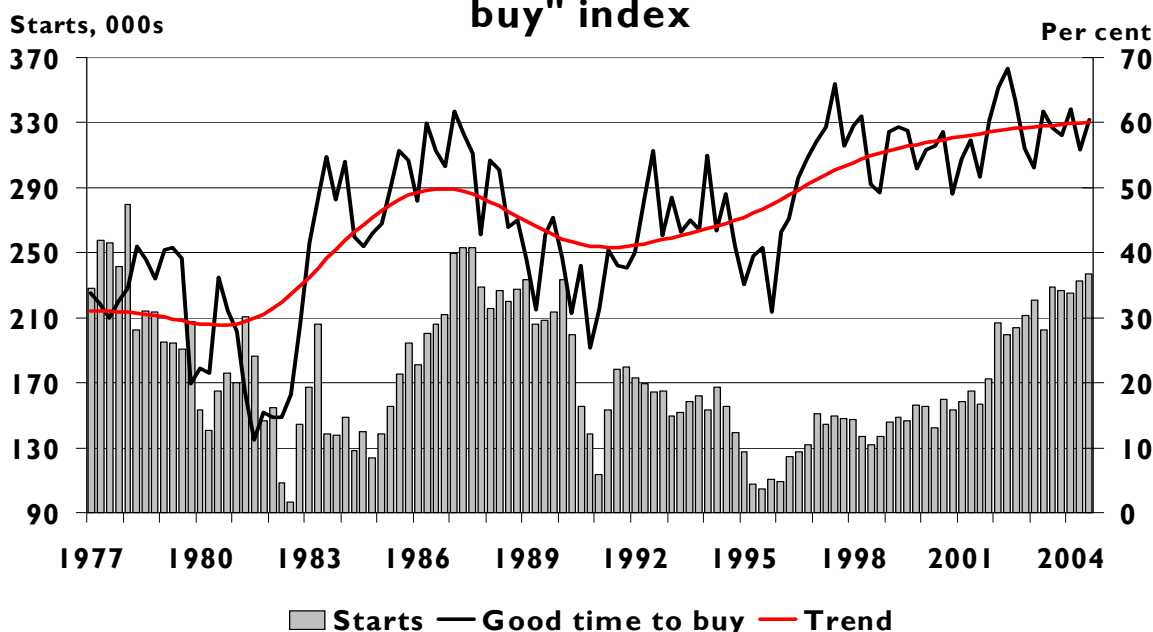
Sources: CMHC, Statistics Canada

Consumer attitudes toward buying a house positive

Nationwide, consumer attitudes towards buying a home and other big ticket items are positive thanks to strong employment and income growth, as well as low mortgage rates.

- Consumer confidence has remained strong in 2004. Furthermore, sentiment with respect to the future is optimistic as more consumers feel that now is a good time to make major purchases. The component of the index of Consumer Attitudes, which assesses whether now is a good time to buy has rebounded since June. The share of those reporting that the present was a good time to purchase a big ticket item rose to 60.4 per cent in September from 55.9 per cent back in June.
- Low mortgage rates have increased the affordability of housing in recent years. This low interest rate environment has helped improve consumer confidence in comparison to the mid-1990s when the five year mortgage rate fluctuated between 7.2 and 10.6 per cent and consumer sentiment towards the purchase of big ticket items was low.
- Strong employment has contributed to the higher proportion of consumers who feel that now is a good time as well. The employment to population ratio measures the share of people employed compared to the population. The current employment to population ratio is much higher than it was during the mid-1990s, which sheds light on why the current level of willingness to purchase big ticket items is higher today.
- Thus, solid employment and income growth, along with low mortgage rates have contributed to the high levels of consumer confidence experienced over the past several years and have supported the vigorous demand for ownership housing. ■

Consumer attitudes survey: "good time to buy" index



Sources: CMHC, Conference Board of Canada

This Month's Housing Data (SAAR)

	2003	Q1:04	Q2:04	Q3:04	M7:04	M8:04	M9:04
Housing starts, units, 000s							
Canada. Total. All areas	218.4	225.5	232.7	237.6	225.3	248.8	237.9
Per cent change from previous period	6.5	-0.3	3.2	2.1	-2.9	10.4	-4.4
Canada. Total. Rural areas	26.5	31.4	23.6	33.2	33.2	33.2	33.2
Per cent change from previous period	2.3	13.4	-24.8	40.7	40.7	0.0	0.0
Canada. Total. Urban areas	191.9	194.1	209.1	204.4	192.1	215.6	204.7
Per cent change from previous period	7.1	-2.2	7.7	-2.2	-7.9	12.2	-5.1
Canada. Single. Urban areas	100.3	101.0	104.7	105.8	107.9	102.2	106.7
Per cent change from previous period	-2.7	-2.6	3.7	1.1	5.9	-5.3	4.4
Canada. Multiple. Urban areas	91.6	93.1	104.4	98.6	84.2	113.4	98.0
Per cent change from previous period	20.5	-1.8	12.1	-5.6	-21.0	34.7	-13.6
Newfoundland. Total. All areas	2.7	3.5	2.8	2.8	2.8	2.8	2.8
Per cent change from previous period	11.3	16.7	-20.0	0.0	0.0	0.0	0.0
Prince Edward Island. Total. All areas	0.8	1.0	1.2	0.8	0.9	0.8	0.7
Per cent change from previous period	5.0	42.9	20.0	-33.3	-30.8	-11.1	-12.5
Nova Scotia. Total. All areas	5.1	5.9	4.1	4.9	4.2	5.1	5.3
Per cent change from previous period	2.5	13.5	-30.5	19.5	-8.7	21.4	3.9
New Brunswick. Total. All areas	4.5	2.4	4.1	4.2	4.1	4.0	4.6
Per cent change from previous period	16.2	-42.9	70.8	2.4	10.8	-2.4	15.0
Quebec. Total. All areas	50.3	59.0	55.4	60.8	62.8	60.3	59.1
Per cent change from previous period	18.5	5.0	-6.1	9.7	19.2	-4.0	-2.0
Ontario. Total. All areas	85.2	79.5	87.9	86.5	80.8	92.6	86.0
Per cent change from previous period	1.9	-8.1	10.6	-1.6	-8.9	14.6	-7.1
Manitoba. Total. All areas	4.2	4.0	4.1	5.7	5.1	7.5	4.4
Per cent change from previous period	16.3	-18.4	2.5	39.0	27.5	47.1	-41.3
Saskatchewan. Total. All areas	3.3	3.0	4.6	3.2	2.5	3.5	3.5
Per cent change from previous period	11.9	3.4	53.3	-30.4	-7.4	40.0	0.0
Alberta. Total. All areas	36.2	36.4	33.8	34.7	32.6	34.0	37.4
Per cent change from previous period	-6.7	6.1	-7.1	2.7	-18.7	4.3	10.0
British Columbia. Total. All areas	26.2	30.8	34.7	34.0	29.5	38.2	34.1
Per cent change from previous period	21.0	8.8	12.7	-2.0	-6.3	29.5	-10.7

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

Annual rate of housing starts, urban areas*

	2003	Q1:04	Q2:04	Q3:04	M7:04	M8:04	M9:04
Canada	191.9	194.1	209.1	204.4	192.1	215.6	204.7
Newfoundland	1.9	2.7	2.1	2.0	2.0	2.0	2.0
Prince Edward Island	0.6	0.7	0.8	0.5	0.6	0.5	0.4
Nova Scotia	3.6	4.8	3.1	3.4	2.7	3.6	3.8
New Brunswick	3.0	1.5	2.9	2.9	2.8	2.7	3.3
Québec	39.9	46.6	47.0	44.2	46.2	43.7	42.5
Ontario	80.9	73.3	83.8	82.3	76.6	88.4	81.8
Manitoba	2.7	2.3	2.6	3.9	3.3	5.7	2.6
Saskatchewan	2.6	2.3	3.9	2.9	2.2	3.2	3.2
Alberta	32.1	31.9	30.2	30.3	28.2	29.6	33.0
British Columbia	24.7	28.0	32.7	32.0	27.5	36.2	32.1

* Thousands of units, seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2003	Q1:04	Q2:04	Q3:04	M7:04	M8:04	M9:04
New Housing							
New & unoccupied singles & semis, units 000s	4.8	5.0	5.3	5.0	4.9	5.0	5.1
Per cent change from same period previous year	-0.9	7.3	8.6	8.3	7.0	10.1	7.7
New & unoccupied row & apartments, units 000s	5.7	5.9	6.0	6.7	6.6	6.6	6.9
Per cent change from same period previous year	10.9	13.1	5.5	18.6	17.7	13.5	24.7
New House Price Index, 1997=100	116.7	120.4	122.6	n.a.	123.7	124.3	n.a.
Per cent change from same period previous year	4.8	5.0	5.8	n.a.	6.0	6.0	n.a.
Existing Housing							
MLS[®] resales*, units 000s	434.6	446.4	476.2	n.a.	459.6	454.6	n.a.
Per cent change from same period previous year	3.9	8.1	14.1	n.a.	-6.9	2.0	n.a.
MLS[®] average resale price**, \$C 000s	207.3	220.8	225.3	n.a.	220.8	227.8	n.a.
Per cent change from same period previous year	9.7	9.9	10.6	n.a.	9.0	7.4	n.a.
Mortgage Market							
1-Year Mortgage Rate, % (period average)	4.84	4.30	4.57	4.60	4.60	4.40	4.80
5-Year Mortgage Rate, % (period average)	6.39	5.85	6.45	6.38	6.55	6.30	6.30

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

n.a. Figures not available

* Seasonally adjusted and annualized (SAAR).

** Annual and quarterly data is actual. Monthly data is seasonally adjusted.