HOUSING FACTS

May 2001; Volume 6, Number 5

Canada Mortgage and Housing Corporation

Starts rise to 162,000 units in April

In April, the annual rate of housing starts reached 162,000 units* in Canada, compared to the revised level of 157,400 units recorded in March, for a gain of 2.9 per cent.

The increase in multiple urban starts (14.7 per cent to 65,500 units) largely offset the decrease in single starts, which declined by 5.8 per cent to 74,300 units.

With things returning to normal in the Atlantic Region, following difficult climatic conditions in March, residential construction was able to start picking up in April. Gains were also registered in the multiple housing segment in Alberta and British Columbia.

The low mortgage rate levels in recent months buoyed up residential construction.

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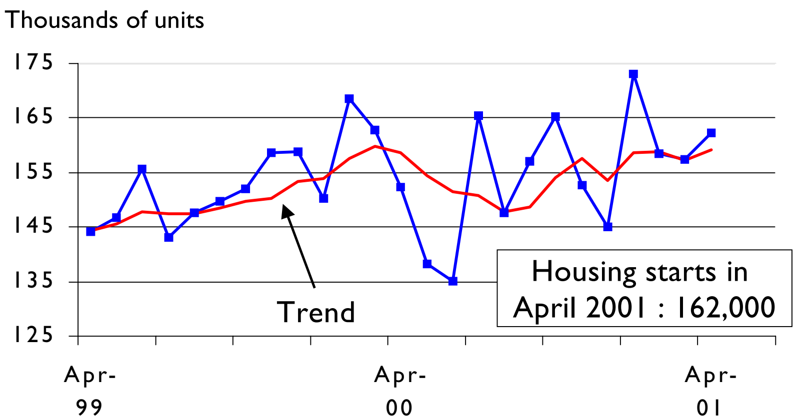
Housing starts in Canada
all areas, *saar



Source: CMHC Housing facts
*Seasonally adjusted annual rate

Housing starts - Continued from page 1

In April, the annual rate of housing starts jumped up in the Atlantic Region, posting a gain of 60.5 per cent to 6,100 units. Starts were also up in British Columbia (+21 per cent to 15,000 units) and the Prairies (+18 per cent to 28,200 units) on account of the high level of activity in the multiple housing segment. In Quebec, the level of activity remained essentially unchanged at 21,900 units, while starts were down by 7.4 per cent in Ontario to 68,600 units.

In the large urban agglomerations, starts reached 37,300 units in Toronto, 15,500 units in Montréal and 10,400 units in Vancouver, at seasonally adjusted annual rates.■

Contributors: Philippe Le Goff and John-John D'Argensio .

Questions:

Philippe Le Goff at 1-613-748-2933 or plegoff@cmhc-schl.gc.ca

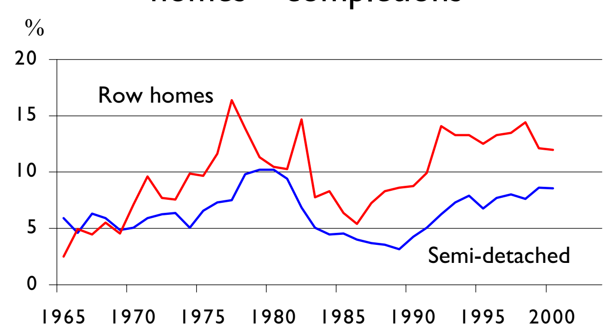
To subscribe: 1-613-748-2006 or http//:www.cmhc-schl.gc.ca/mktinfo/store

Semi-detached and row homes: a market share of about 20%

Ontario's market share is much higher than the national average, but is still just over 25 per cent.

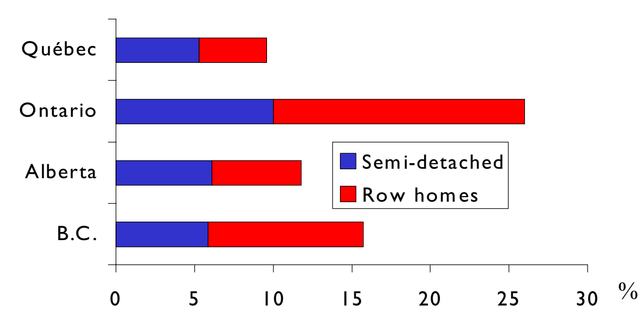
- In 2000, the combined market share of semi-detached and row homes completed in Canada reached 20.5 per cent, down slightly from the level of 20.7 per cent recorded in 1999.
- These two housing types play an intermediary role between the apartment and the detached house. In theory, they meet the needs of a broad client group. Often more affordable than detached homes, semi-detached or row houses are well adapted to the higher density imposed by an urban environment, and to smaller households, to name just these two aspects.
- Nevertheless, consumers prefer detached homes. The latest CMHC survey of consumer intentions to buy a home indicated that a majority of households (71 per cent) dream of owning a detached home. Such homes accounted for 61.8 per cent of homes completed in 2000, compared to 64.4 per cent in 1999. ■

Market share of semi-detached and row homes – completions



Source: CMHC Housing Facts

Market share of semi-detached and row homes – completions in 2000



Source: CMHC Housing Facts

Spotlight on the relative importance of migration components

Migration flows, interprovincial, international, and even intraprovincial, are very useful in helping to analyze housing markets.

- The impact of migration on housing starts depends on the type of migration, whether it be international, interprovincial, or intraprovincial.
- International migration tends to have a moderate impact in the short term as many migrants double up with existing households.
- Interprovincial and intraprovincial (from one area to another within the same province) migration has a bigger impact on the housing market. For obvious economic reasons, Canadian migrants are more likely to occupy (rent or buy) a dwelling independently upon their arrival in their new area than international immigrants.
- Knowing the origin of migrants, whether they are international, interprovincial, or intraprovincial, is therefore very useful in forecasting housing demand. Placed in the context of local housing market conditions and the age pyramid of residents in an area, the origin and age of migrants are determining factors in evaluating the vitality of residential construction.
- The greater impact of interprovincial migration partly explains why the vitality of residential construction (as measured by the rate of housing starts per 1,000 inhabitants) is greater in Alberta than in Ontario, even though the latter province receives many more international immigrants.
- Likewise, the dynamic housing activity observed in Prince Edward Island last year is largely related to its popularity among retirees and early retirees from other provinces.
- In British Columbia, international migration is key, more than offseting interprovincial migration and bolstering residential construction.
- In Quebec, housing starts are driven mainly by natural increase. The interprovincial deficit is offset by international migration.
- Newfoundland and Saskatchewan stand apart. For several years, their population has been declining due to emigration to other provinces. The need for new housing comes from intraprovincial migration.■

Migration components - Rate per 1,000 inhabitants

	Housing starts		Interprovincial migration		International migration	
	2000	2001*	1999- 2000	2000-2001 **	1999-2000	2000-2001**
Newfoundland	2.7	2.9	-4.6	-4.6	0.8	0.4
P.E.I.	5.1	4.8	7.1	1.0	0.7	0.9
Nova Scotia	4.7	4.2	0.7	-0.9	0.7	1.9
New Brunswick	4.1	4.0	0.7	-1.0	1.1	0.7
Québec	3.3	3.5	-2.2	-2.1	2.5	2.6
Ontario	6.1	6.4	1.7	1.5	7.7	7.2
Manitoba	2.2	2.3	-1.1	-3.9	2.4	2.0
Sask.	2.4	2.8	-6.1	-3.3	0.9	0.9
Alberta	8.8	8.6	4.0	2.5	2.2	1.8
B.C.	3.5	3.8	-1.8	0.5	7.8	9.0

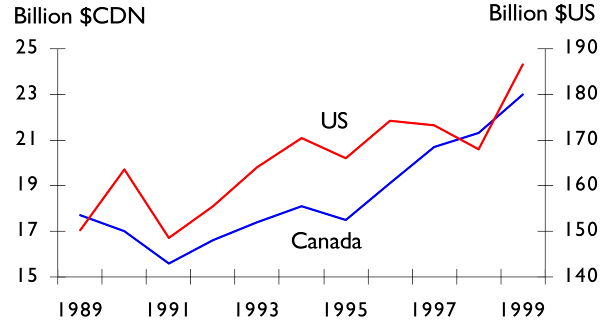
Sources: CMHC Housing Facts and Statistics Canada
* :CMHC's forecast. ** :Projections from Statistics Canada

How big is renovation in Canada and in the United States?

Canadian and American sources do not use the same definition to assess renovation market size. It is important to understand these differences before making comparisons.

- In the United States renovation is called remodelling. The term "remodelling" is used to denote "improvements" and "repairs". The term improvements refers to any activities that enhance residential structures and grounds. The term repair refers specifically to those activities, short of replacements, that maintain the home in acceptable conditons, such as fixing a leaking faucet or painting or papering a room. This does not include the amounts spent on conversions and new cottages. In 1999, the expenditures on remodelling totalled $US 186.5 billion for all types of dwellings.
- In Canada, Statistics Canada defines renovation by including only the alterations and improvements component. Using this definition, renovation expenditures totalled $CDN 17.2 billion in 1999. Using the definition of the US Census, the expenditures amounted to almost $CDN 22.8 billion. ■

Renovation expenditures in Canada and the US*



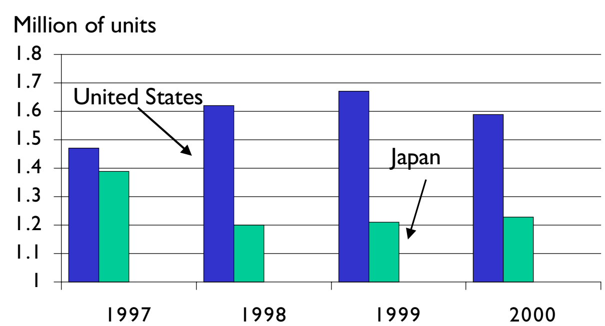
Sources: CMHC Housing Facts, Statistics Canada, US Census Bureau
*Alterations and Improvements, Repairs.

Housing starts in the United States and Japan in 2001

According to the forecasters, housing starts in the United States and Japan will play a stabilizing role within these two countries racked by economic slowdowns.

- In spite of the economic slowdown, the outlook for Canadian exporters of housing-related products remains good, since residential construction in our two main business partners will stay stronger than their overall economy.
- In the United States, according to the forecasts gathered by Concensus Economics Inc., housing starts should range between 1.45 and 1.66 million units this year, compared to 1.59 million last year. Out of the 21 economic forecasting firms consulted, 14 predict a downturn in housing starts. The most pessimistic forecast is banking on a decrease of 8.8 per cent in housing starts.
- In Japan, where the worst case scenario calls for zero growth (0.0 per cent) for the GDP, housing starts should reach a level between 1.17 and 1.21 million units, compared to 1.23 million in 2000. The most pessimistic forecast is banking on a decrease of 4.9 per cent in housing starts. ■

Housing starts



Sources : CMHC Housing Facts, Concensus Forecasts April 2001

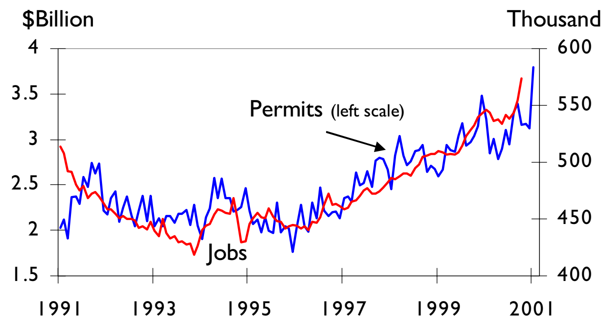
Labour market conditions tighten in the construction industry

The construction industry in Canada is doing well as employment and wages are rising. In this context, there are anecdotes of skilled labour shortages, but this is not clear from available data.

- The construction industry is entering a very busy season in what is expected to be a strong year. In this context, many contractors say that they are not finding it as easy to recruit skilled workers. Anecdotes and opinion polls among employers' organizations and accounts by industry experts help provide evidence of shortages, but do not paint the overall picture.
- Statistics Canada's monthly Labour Force Survey provides the big picture on employment and wages in the construction industry. While employment and wage data make no distinction between residential and non-residential construction, it can still be useful to get an overall pulse of labour market conditions on residential construction sites for two reasons. First activity in both the residential and non-residential sectors have always followed more or less the same trend according to detailed building permits data. Second, trades can work just as well in the residential, commercial, institutional, or industrial sectors.
- Nationally, the number of employees in the construction industry continued to grow rapidly over the last few months, matching the pace of increase in the value of building permits. The industry's unemployment rate has also dropped significantly from the early 1990s and as such reflects a tighter labour supply and demand situation these days.
- Evidence of tighter labour market conditions can also be seen in higher wages. The average weekly wage of hourly-paid workers is growing at an annual rate of 9.5%, much faster than the general rate of inflation of 2.5%. This growth reflects an increase in the number of hours worked and a rise of the hourly wage.
- However, with the industry's unemployment rate at 9.2% compared to the overall Canadian unemployment rate of 7.0% in March 2001, it is not clear that construction labour shortages are widespread. The imbalances between supply and demand may be very real in certain sectors, trades or areas, particularly skilled labor, but are not evident in the overall picture.■

Jobs and building permits

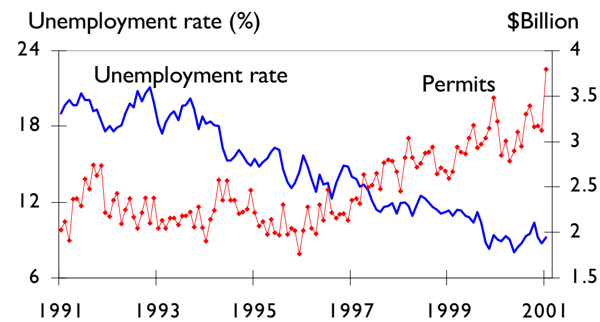
Monthly seasonally adjusted data



Sources: CMHC Housing Facts and Statistics Canada

Unemployment rate and building permits

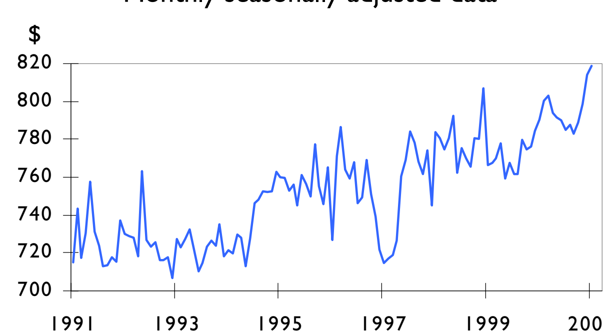
Monthly seasonally adjusted data



Sources: CMHC Housing Facts and Statistics Canada

Weekly average earnings*

Monthly seasonally adjusted data



Sources: CMHC Housing Facts and Statistics Canada

*: Workers paid on a hourly basis, Total Canada.

This Month's Housing Data

	2000	Q3:00	Q4:00	Q1:01	M2:01	M3:01	M4:01
Housing starts. units. 000's							
Canada. Total. All areas	**151.7**	**157.3**	**155.2**	**163.0**	**158.4**	**157.4**	**162.0**
% chg	1.1	11.0	-1.3	5.0	-8.4	-0.6	2.9
Canada. Total. Rural areas	**20.6**	**22.6**	**20.3**	**21.4**	**21.4**	**21.4**	**22.2**
% chg	-9.9	16.5	-10.2	5.4	0.0	0.0	3.7
Canada. Total. Urban areas	**131.1**	**134.7**	**134.9**	**141.6**	**137.0**	**136.0**	**139.8**
% chg	3.1	10.1	0.1	5.0	-9.6	-0.7	2.8
Canada. Single. Urban areas	**74.4**	**73.2**	**74.9**	**80.1**	**83.2**	**78.9**	**74.3**
% chg	2.1	0.3	2.3	6.9	6.5	-5.2	-5.8
Canada. Multiple. Urban areas	**56.7**	**61.5**	**60.0**	**61.5**	**53.8**	**57.1**	**65.5**
% chg	4.4	24.7	-2.4	2.5	-26.8	6.1	14.7
Newfoundland. Total. All areas	**1.5**	**1.5**	**1.5**	**0.8**	**0.9**	**0.5**	**1.2**
% chg	6.4	7.1	0.0	-46.7	0.0	-44.4	140.0
Prince Edward Island. Total. All areas	**0.7**	**0.8**	**1.2**	**0.9**	**0.7**	**0.9**	**0.5**
% chg	15.3	100.0	50.0	-25.0	-30.0	28.6	-44.4
Nova Scotia. Total. All areas	**4.4**	**4.3**	**3.7**	**4.1**	**4.6**	**2.5**	**5.1**
% chg	4.3	-4.4	-14.0	10.8	-11.5	-45.7	104.0
New Brunswick. Total. All areas	**3.1**	**3.7**	**3.0**	**4.0**	**4.1**	**3.2**	**2.4**
% chg	11.0	60.9	-18.9	33.3	-6.8	-22.0	-25.0
Quebec. Total. All areas	**24.7**	**26.4**	**26.1**	**28.8**	**32.4**	**27.6**	**28.9**
% chg	-4.1	16.3	-1.1	10.3	22.3	-14.8	4.7
Ontario. Total. All areas	**71.5**	**74.7**	**73.0**	**77.3**	**72.5**	**78.6**	**73.0**
% chg	6.4	17.8	-2.3	5.9	-10.3	8.4	-7.1
Manitoba. Total. All areas	**2.6**	**2.6**	**2.6**	**2.6**	**2.7**	**2.6**	**3.2**
% chg	-18.3	-7.1	0.0	0.0	3.8	-3.7	23.1
Saskatchewan. Total. All areas	**2.5**	**2.6**	**2.2**	**2.2**	**2.0**	**2.3**	**1.7**
% chg	-18.6	-3.7	-15.4	0.0	-16.7	15.0	-26.1
Alberta. Total. All areas	**26.3**	**27.6**	**26.3**	**26.0**	**23.5**	**25.5**	**29.6**
% chg	3.2	5.3	-4.7	-1.1	-19.0	8.5	16.1
British Columbia. Total. All areas	**14.4**	**13.1**	**15.6**	**16.3**	**15.0**	**13.7**	**16.3**
% chg	-11.6	-14.4	19.1	4.5	-25.7	-8.7	19.0

SOURCE: CMHC

All data are seasonally adjusted at an annual rate, latest month's figures are preliminary.
% chg: Per cent change from previous period.

Housing starts, urban areas*

	2000	Q3:00	Q4:00	Q1:01	M2:01	M3:01	M4:01
Canada	131.1	134.7	134.9	141.6	137.0	136.0	139.8
Newfoundland	1.0	1.1	1.1	0.7	0.8	0.4	0.8
Prince Edward Island	0.4	0.4	0.5	0.4	0.2	0.4	0.3
Nova Scotia	3.0	3.0	2.3	2.8	3.3	1.2	3.5
New Brunswick	2.0	2.1	1.9	2.6	2.7	1.8	1.5
Québec	19.9	22.3	20.8	23.0	26.6	21.8	21.9
Ontario	67.4	70.0	69.7	72.8	68.0	74.1	68.6
Manitoba	1.5	1.6	1.4	1.6	1.7	1.6	2.1
Saskatchewan	1.9	2.1	1.5	1.5	1.3	1.6	1.4
Alberta	21.5	21.1	22.4	21.2	18.7	20.7	24.7
British Columbia	12.4	11.0	13.3	15.0	13.7	12.4	15.0

* Seasonally adjusted.

This Month's Major Housing Indicators

	2000	Q3:00	Q4:00	Q1:01	M2:01	M3:01	M4:01
New Housing*							
New & unoccupied. singles & semis. 000's	6.32	6.11	6.31	6.20	6.14	6.20	6.12
%chg	0.24	-1.61	2.95	-1.70	-1.13	0.98	-1.29
New & unoccupied. row & apartments. 000's	7.27	8.24	6.54	6.77	6.82	6.77	6.99
%chg	-8.30	1.46	-20.12	3.52	-2.15	0.73	3.25
New house price Index. 1992 = 100	103.22	103.47	104.18	n.d.	n.a.	n.a.	n.a.
%chg	2.24	0.52	0.66	n.a.	n.a.	n.a.	n.a.
Existing Housing*							
MLS resales. units. 000's	333.70	336.24	333.39	352.73	353.81	349.44	n.a.
%chg	-0.61	0.95	-0.88	5.72	0.10	-1.24	n.a.
MLS average resale price. $C. 000's	164.09	164.35	166.33	165.60	166.28	164.46	n.a.
%chg	3.84	1.42	1.20	-0.99	0.41	-1.09	n.a.
Mortgage market							
1-year posted mortgage rate.%	7.85	7.90	7.83	7.10	7.20	6.70	6.80
5-year posted mortgage rate. %	8.35	8.25	8.15	7.58	7.75	7.25	7.50

SOURCES: Statistics Canada, Bank of Canada, The Canadian Real Estate Association.
chg % change from previous period.
n.a. Figures not available
* Seasonally adjusted.