CMHC HOUSING OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

Strong housing markets persist

Third Quarter, 2001

Overview

Starts: Look for starts to rise this year and remain strong in 2002. Despite the cooling of the North American economy, favourable mortgage rates, income growth, rising migration, and stronger house prices continue to stimulate residential construction. In some markets, builders are working through a backlog of orders.

Resales: Strong demand in combination with a rise in listings will push sales of existing homes to a record this year. Sales will ease slightly but remain vigourous in 2002.

Prices: Look for resale price growth to remain strong this year and moderate somewhat in 2002.

Details on page three.

CMHC Housing Outlook: National Edition is your national sales, marketing, and business planning tool.

The Nation's HOT SPOTS

Alberta: Home builders will be kept busy, thanks to the oil and gas industry and strong economic growth (See Page 10).

Ontario: The housing sector continues to show resilience in the face of an uncertain economic environment (See Page 13).

Quebec: A decrease in the inventory of existing homes will support increased construction (See Page 14).

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HOME TO CANADIANS

Canada

CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

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Fourth Quarter — October 17

National Housing Outlook

In Detail

Multiples strong, singles steady in 2001

Look for multiple starts to rise this year, while single starts maintain the healthy pace of the past two years. Apartment starts will lead the way thanks to strong gains in Quebec, Ontario, and B.C. Next year, multiple construction will ease but remain robust.

Multiples hot spots scattered

Multiple starts in Ontario will double the output of five years ago. Newfoundland and B.C. will register double-digit growth in multiple starts in each of the next two years, but starts in B.C. will not approach the levels of the mid-1990s. Quebec will also post solid growth this year.

Rental and condo construction up

Low rental vacancy rates will help trigger stronger multiple construction this year. Rental starts will rise in 2001 and 2002 but will remain at relatively low levels. Condo starts will also increase this year, but drop next year mainly as a result of reduced activity in Ontario.

Strong singles in Quebec this year

Despite dropping slightly in 2001 and 2002, single starts will maintain a respectable pace, surpassing the average of the 1990s. This year, Quebec will post the strongest growth, while all other provinces except Manitoba and Alberta will see starts fall. Next year, look for double-digit growth in Saskatchewan and a modest rebound in the Atlantic provinces.

Record resale numbers this year

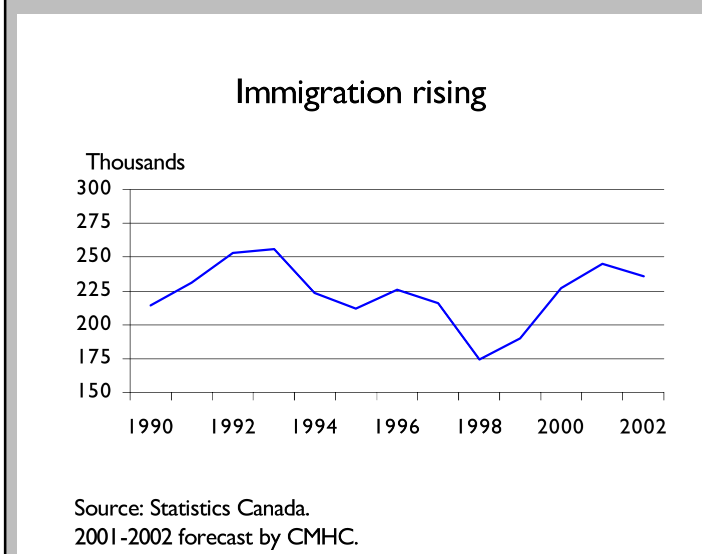
Active resale markets are tempting prospective sellers to put their homes on the market. Increased listings, strong demand, and favourable mortgage rates will add up to record resales in 2001. Record volumes will be posted this year in Newfoundland, Quebec, Ontario, and Alberta.

Prices up everywhere but B.C.

This year, resale prices will be up in all provinces except B.C. In 2001 and 2002, look for price gains above the rate of inflation in Quebec, Ontario, Manitoba, Saskatchewan, and Alberta.

Spotlight on IMMIGRATION

Immigration rising above target levels, boosting housing demand



After substantial increases in the last two years, immigration looks set to rise again this year.

Immigration has increased substantially since 1998 and this year is on pace to surpass the planned range of 200-225,000 by a healthy margin. CMHC's forecast calls for net migration to Canada to increase again this year and remain high in 2002.

High immigration levels will boost housing demand, especially in the four largest provinces. Some immigrants arrive in Canada with the resources to purchase homes. As well, since many immigrants initially rent or move in with other family members, housing markets should benefit from the influx of immigrants in the early 1990s, many of whom will be looking to buy homes.

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Trends Impacting Housing

Positive Impact

- ✓ ***Low mortgage rates***
- ✓ ***Increasing immigration***
- ✓ ***Tax cuts***

What to Watch For

- ✓ ***Economy to improve next year***
- ✓ ***Migration to Ontario and Alberta***

The economy

In the first quarter, the economy grew at a 2.5 per cent annual rate, improving on 1.6 per cent growth in the fourth quarter. In April, growth was negligible, dragged down in part by labour disputes. The economy, notably the manufacturing sector, is feeling the effects of the U.S. economic slowdown. Manufacturing shipments and profits are down, as is related investment in machinery and equipment.

The U.S. economy grew only half as fast as the Canadian economy in the first quarter, the third weak quarter in a row. Growth on both sides of the border is expected to pick up later this year thanks to lower interest rates. Look for growth in Canada of 2.3 per cent this year and 3.2 per cent in 2002.

Mortgage rates

The outlook for mortgage rates is favourable. Concern over slowing economic growth has prompted a series of interest rate cuts in Canada and the U.S., with additional easing expected. Rates will edge up next year as the economy strengthens. Through the end of 2002, look for one-year rates in the 6.50-7.50 per cent range, three-year rates between 7.00 and 8.00 per cent, and five-year rates from 7.25 to 8.25 per cent.

Consumers

Volatile equity markets and a slower economy have produced some uncertainty but have not unduly dampened the mood of consumers. Although confidence is down since peaking in the third quarter of 2000, consumer spending accelerated in the first quarter, and retail sales in April recorded the strongest gain since December 1999. Spending should remain solid, given a backdrop of rising disposable incomes and tax cuts.

Employment and incomes

Job creation has slowed this year, paralleling the trajectory of the economy. In contrast to robust full-time job gains in 2000, part-time jobs have accounted for all of the employment increase in 2001. Look for weaker job growth this year followed by moderate improvement next year as the economy strengthens.

Despite slower employment growth, housing markets will continue to reap rewards from strong job creation in the last couple of years. Job gains do not always translate immediately into housing demand since individuals and families require time to accumulate necessary finances and to assess their housing needs.

Tax cuts combined with moderate job growth and wage gains will mean a continuation of robust disposable income growth this year and next. The federal package of tax cuts will help keep money in people's pockets.

Migration

Immigration has rebounded sharply after falling in 1998. Landings rose in 2000 to nearly 227,000, just above the the target range of 200-225,000. This year, immigration is on pace to surpass the target by a wide margin, attaining an annual rate of over 250,000 in the first quarter. Look for immigration to remain strong this year and next year. Increased arrivals will mainly benefit construction in the four largest provinces.

Alberta remains the top destination for interprovincial migrants, followed by Ontario. Look for these two provinces to keep attracting migrants in coming years. Outflows from B.C. continued in the first quarter. With Alberta and Ontario exerting a strong pull on job seekers, expect migration to B.C. to remain below the large gains of the first half of the 1990s.

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Trends at a Glance

Key factors and their effects on home building

Factor	Comment	Impact 2001	Impact 2002
Mortgage rates	Easing this year and staying low next year.	👍	👍
Employment	Past gains continue to fuel housing demand. Modest gains in 2001 and 2002.	👍	👍
Incomes	Will benefit from tax cuts and wage gains.	👍	👍
Net migration	Higher in 2001, staying high in 2002.	👍	👍
Household formation	Should increase as a result of improved net migration and job and income gains. More individuals and families can afford to live independently.	👍	👍
Consumer confidence	Consumers to remain optimistic.	👍	👍
Resale market	Demand spillover from tight resale markets boosts construction of new homes.	👍	👍
Unoccupied units	Low inventories a positive signal to builders.	👍	👍
Vacancy rates	Low rates trigger multiple construction.	👍	👍
Profits	House prices expected to rise faster than combined costs of labour and materials.	👍	👍

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Special Report: Renovation Market Outlook

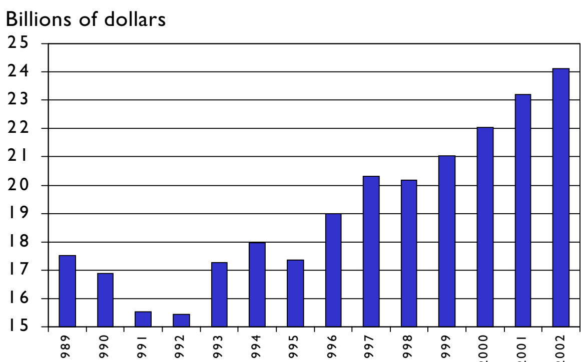
Tax reductions, record levels on the resale market, and stability in the job market will sustain renovation spending in 2001. However, the North American economic slowdown will curb growth slightly in 2002.

Short-term outlook

The economic growth of recent years and the strong performance of the housing market have enabled the renovation sector to progress at a steady rate since 1996. We expect that renovation spending will continue to increase in 2001 and in 2002. Total spending in 2001 will increase by 5.1 per cent to stand at 23.2 billion dollars. The North American economic slowdown will reduce the growth rate of expenditures in 2002. Spending is expected to grow by 4.2 per cent to reach 24.1 billion dollars in 2002.

Several factors underlie the forecast, such as low mortgage rates and employment growth. Disposable income growth and record sales of existing homes are particularly important.

Renovation spending



Sources: Statistics Canada, CMHC Forecast 2001-2002.

Disposable income: a key factor

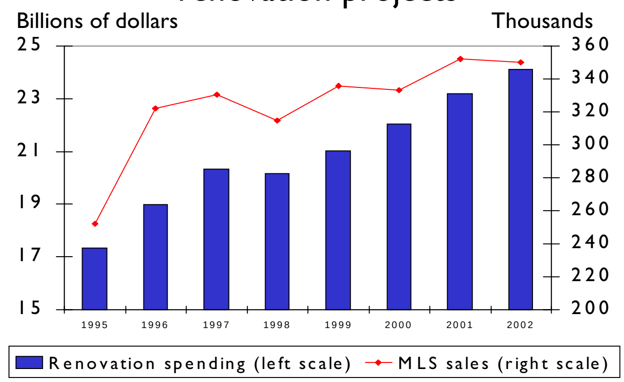
Growth of disposable income is one of the most significant variables in explaining renovation spending totals. The more incomes increase, the better position households are in to spend money on major renovation projects. Recent cuts to federal and provincial taxes will help raise disposable income and stimulate renovation spending.

It is anticipated that disposable income will grow by approximately 5 per cent and 4.3 per cent in 2001 and 2002, increases that are above expected inflation rates.

Record levels on the resale market

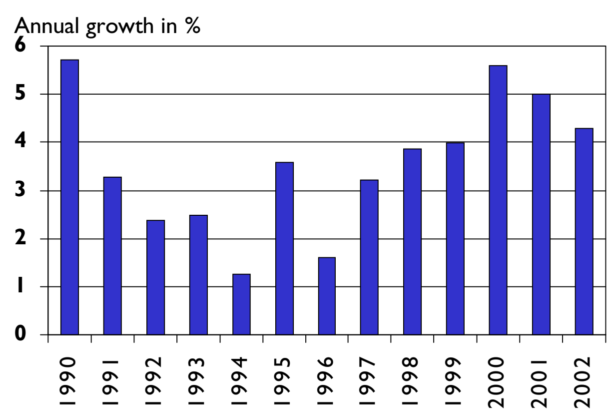
The resale market will reach a record level in 2001. This is good news for the renovation market since households generally do major renovation work within the first three years of purchasing a home. It is expected that the volume of transactions on the resale market will climb by 5.8 per cent in 2001 to reach 352,500 sales. In 2002, the level of sales will drop by 0.7 per cent but will remain high at close to 349,900 sales. This volume of sales will support the renovation sector in 2001 and 2002.

Existing home market generates renovation projects



Sources: Canadian Real Estate Association, Statistics Canada.
CMHC Forecast 2001-2002.

Growth in disposable income



Source: Conference Board of Canada.

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Atlantic: a sluggish market

The drop in renovation spending this year will result in large part from a decline in housing starts and slower growth in the resale market. Slower job creation will also play a role.

Quebec: still in good shape

The resale market is still in good shape in Quebec and should reach record highs in 2001 and 2002. This rapid increase has benefited the renovation sector greatly in Quebec. Growth in employment and disposable income have also contributed. Expenditures are expected to reach 5.4 and 5.5 billion dollars in 2001 and in 2002 respectively. For a province that has the lowest proportion of homeowners in Canada, Quebec has been posting impressive results, ranking second in Canada in renovation spending.

Ontario: a resilient performance

Although the Ontario economy will slow down in 2001, the renovation sector will still profit from the economic boom of previous years. Large increases in the number of resales since 1998 will lift renovation spending through next year. Spending is expected to climb by 3.9 per cent and 1.2 per cent in 2001 and in 2002, respectively.

Prairies: Alberta comes out on top

Thanks to strong growth, supported mostly by oil and gas drilling projects, Alberta will continue to lead the Prairies for 2001 and 2002 in renovation spending. Growth in disposable income, combined with a healthy housing market, will contribute to the renovation sector. In addition, the increasing prices of new homes will encourage households to consider the resale market and undertake renovation work.

Renovation spending in Saskatchewan will ease in 2001 as a result of a decline in housing starts, but will bounce back the following year. In Manitoba, a drop in sales of existing homes in 2000 will reduce renovation spending in 2001. The amount of spending in 2002 will remain almost unchanged, with slight growth of 0.5 per cent expected.

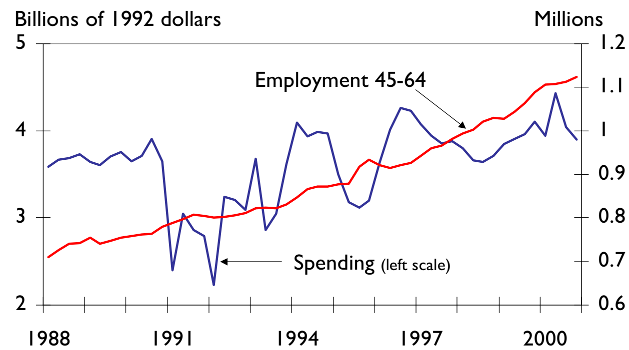
British Columbia: a significant increase

The forecast recovery of the real estate market in British Columbia, especially of the resale market, will spur renovation spending in 2001 and 2002. In addition, given the high prices of new and existing homes, people will opt for renovating as opposed to buying another home.

Alterations and improvements: key role of the 45-64 age group

Spending on alterations and improvements has increased significantly in recent years. Apart from the gradual improvement in the economy and the drop in mortgage rates, a major increase in the number of employed 45-64 year-olds has played a role.

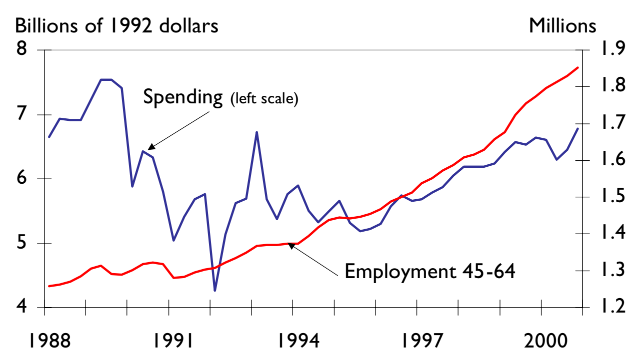
Alterations and improvements spending and employment of 45-64 group - Quebec



Sources : CMHC Housing Facts and Statistics Canada.

Expenditures on alterations and improvements are very high for this age group because individuals are generally at the peak of their careers and employment incomes. Their discretionary incomes, the source of funds potentially available for renovation work, are all the more important considering the fact that these households often no longer have outstanding mortgage loans or dependants.

Alterations and improvements spending and employment of 45-64 group - Ontario



Sources : CMHC Housing Facts and Statistics Canada.

A forecast increase in the number of 45-64 year-olds and in their labour force participation rate will benefit spending on alterations and improvements. By way of example, between 2001 and 2005, the annual growth of the population between the ages of 45 and 64 will be 2.9 per cent in Quebec and 3.5 per cent in Ontario. The shift to a service-based economy and the retention and extension of the retirement age of older workers, because of a forecast shortage of younger workers, could favour renovation by keeping those between the ages of 45 and 64 in the workforce.

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Renovation and Construction Expenditure

		Renovation			Construction		
		2000	2001	2002	2000	2001	2002
Newfoundland	($ millions)	415	400	397	161	153	158
	(% change)	3.2	-3.7	-0.7	11.4	-5.1	3.4
P.E.I.	($ millions)	91	81	81	76	75	73
	(% change)	-2.4	-11.4	-0.3	33.8	-1.7	-3.6
Nova Scotia	($ millions)	696	627	645	488	481	487
	(% change)	6.6	-9.8	2.8	18.1	-1.4	1.1
New Brunswick	($ millions)	466	431	428	306	318	322
	(% change)	0.9	-7.6	-0.9	32.4	3.9	1.2
Quebec	($ millions)	5,257	5,448	5,536	2,953	3,265	3,358
	(% change)	2.7	3.6	1.6	5.9	10.5	2.8
Ontario	($ millions)	8,536	8,875	8,984	9,821	10,468	10,510
	(% change)	4.7	3.9	1.2	15.4	6.6	0.4
Manitoba	($ millions)	601	593	596	329	348	351
	(% change)	-0.6	-1.4	0.5	-0.4	5.9	0.9
Saskatchewan	($ millions)	635	624	652	284	242	286
	(% change)	1.2	-1.9	4.6	-7.5	-14.5	18.1
Alberta	($ millions)	2,095	2,381	2,548	3,164	3,389	3,482
	(% change)	8.2	13.6	7.0	5.8	7.1	2.7
British Columbia	($ millions)	3,244	3,694	4,269	2,315	2,743	2,945
	(% change)	8.9	13.9	15.5	-3.7	18.5	7.3
Canada	($ millions)	22,041	23,156	24,138	19,899	21,468	21,974
	(% change)	4.8	5.1	4.2	9.5	8.0	2.3

Sources: Statistics Canada, CMHC Forecast 2001-2002.

Renovation Expenditure Breakdown
(millions of dollars and annual percentage change)

	2000	2001	2002
Alterations and improvements	16,340	17,257	17,986
%	4.8	5.6	4.2
Repairs	5,700	5,898	6,151
%	4.8	3.5	4.3

Sources: Statistics Canada, CMHC Forecast 2001-02.

CMHC Renovation Forecast Components

The figures presented in the CMHC forecast include renovation expenditures made by landlords and homeowners.

Alterations and improvements: Major projects leading to an increase in the value of the home, including expansions or modifications and the addition of new equipment.

Repairs: Regular maintenance tasks such as painting, caulking, or replacement of existing equipment.

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British Columbia

Overview

Housing market recovery strengthening

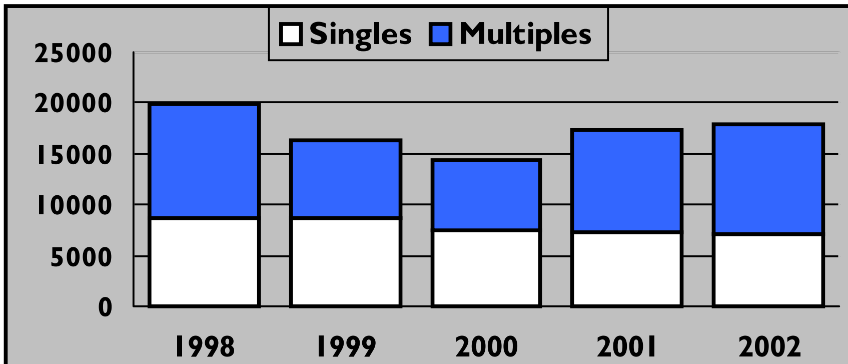
The outlook for many urban housing markets is optimistic for this year and next. Primarily, it has been low mortgage rates that have improved purchasing power for prospective home buyers. In turn, first-time buyers and young families are driving home sales, with demand for lower-priced units on the rise. Demand in urban markets is primarily for townhouses and apartments.

The economic outlook is mixed. Growth prospects are tempered by continuing weak export demand from Japan and uncertainty over the softwood lumber agreement with the U.S. Long-term economic health will depend largely on business investment, which may continue to lag following weakness in the U.S. economy and the stock market adjustment earlier this year.

On the plus side, retail sales are up as are the number of visitors from the U.S. and overseas. Another bright spot is the natural gas sector in northeast B.C. Strong demand for this resource from the U.S. will bolster exports over the next twelve months. Finally, the recent provincial personal tax rate reduction and higher disposable incomes should stimulate consumption.

Overall, look for a modest improvement in economic growth next year driven by improving consumer and business confidence. However, for significant, sustained strengthening of housing markets to occur, the outmigration to Alberta and other provinces of the last three years must reverse, as population growth is the key driver of housing demand.

B.C. Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: Starts are forecast to decline in most urban markets, with the exception of **Victoria** and **Kelowna**, where move-up buyers are demanding higher-end homes. In **Vancouver**, with land and construction costs on the rise and the market extremely price sensitive, the supply of new single-detached homes will continue to trend lower over the next two years.

Multiple Starts: Starts will increase by more than 40 per cent this year, as rental housing construction and new condominiums attract consumers looking for new homes. **Vancouver** and **Victoria** will experience the largest jump in multiple starts, with innovative low-rise infill projects representing the most active market segment.

Resales: Resale home markets are on the upswing. Sales during the month of May this year reached a seven-year high in **Victoria** and a four-year high in **Vancouver**.

Prices: Although sales are up, average prices are flat or down slightly in most markets. Rather than indicating a general price decline, consumer preferences have shifted towards more modestly priced units, a significant change from last year when units priced above the $500,000 mark were driving the market. Look for buyers to continue to seek out good deals in the best neighbourhoods.

Spotlight on VANCOUVER

The new economy

Vancouver`s economy shows the benefits of diversification. Value-added employment, such as that found in professional, scientific, and technical areas, is gaining in momentum. Further advances in high-tech, biotechnology, and film and television will be linked to development at new high-tech industrial parks, office towers, university research centres, the Vancouver Port, and the Vancouver International Airport, B.C.`s fastest growing employer.

The new-economy employee demands housing, either rental or ownership, that is close to job centres, the airport, and other urban amenities.

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Alberta

Overview

Housing markets maintain solid performance

Alberta's economic climate will continue to support healthy levels of residential construction in 2001 and 2002. Starts will exceed the 25,000 level this year and next. About two-thirds of these will be single-detached starts.

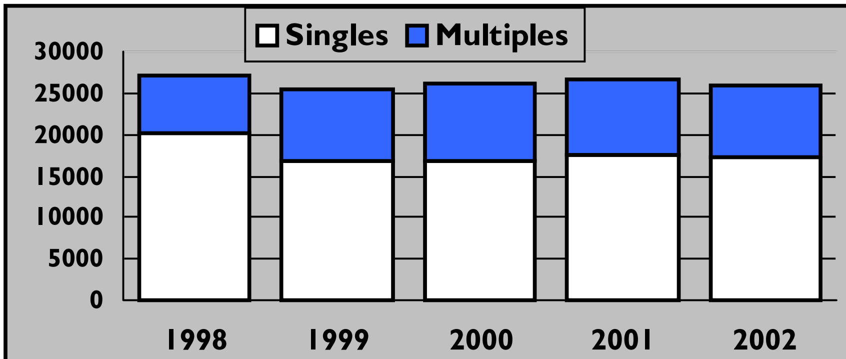
Due to continuing high levels of investment in the oil and gas sector, Alberta will lead the nation in economic growth over the next two years. This solid performance will translate into healthy job creation, a phenomenon that has persisted over the past five years. Since 1995, the Alberta economy has accounted for about 12 per cent of all job creation in Canada, a figure that is anticipated to rise to about 14 per over the next two years.

Employment gains have led to a shortage of skilled labour in some key sectors. Since 1997, wages have risen faster than the cost of living. This trend is expected to continue over the forecast period as firms try to retain and attract workers.

Favourable job prospects will continue to attract new workers to the province. However, gains from migration will not be as strong as in the past due to solid economic activity in Ontario and better-than-expected performance in British Columbia. This year and next year, Alberta will gain over 50,000 persons through migration.

Job and wage gains combined with a rising pool of renters and buyers in the province will have a favourable impact on housing demand.

Alberta Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: A strong job market, continued in-migration, and favourable mortgage carrying costs will help maintain the demand for single-detached homes. Over the next two years, starts are forecast to be moderately higher than the average of the past five years. The growth in starts is anticipated to be slightly stronger in **centres outside of Calgary and Edmonton**.

Multiple Starts: Construction activity will remain robust over the forecast period. Multiple starts will be very close to the levels seen in the past two years. Declines in **Calgary** will be offset by higher starts activity in **Edmonton** and other areas. Apartments starts will account for nearly two-thirds of multiple starts.

Resales: Resale markets in the province, including **Calgary** and **Edmonton**, continue to record strong performances. Total MLS sales are forecast to exceed the 45,000 mark in 2001 and 2002, setting a record this year. Nearly 80 per cent of these sales will take place in **Edmonton** and **Calgary**.

Prices: From 1997 to 2000, the average MLS price increased faster than the rate of inflation. However, over the next two years, price gains will moderate and will move closer to the rate of inflation. The average price in **Edmonton** will remain below the provincial average, while prices in **Calgary** will continue to exceed the average.

Spotlight on NEW SUPPLY

At the current 12-month rate of absorptions, it will take slightly less than six months to absorb the current supply of new single-family dwellings in Alberta's urban centres. Typically, CMHC considers a six-month supply to be characteristic of a balanced market.

The urban multiple-family market has greater supply than the single-family market. At the current absorption rate, this supply should last approximately 13 months.

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Saskatchewan

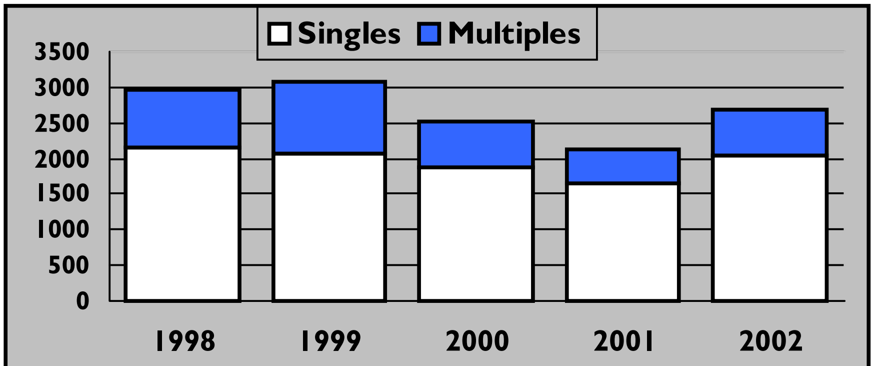
Overview

Starts to recover in 2002

Indicators are pointing to a mixed economic performance this year. Through the first quarter, total farm cash receipts increased by 13 per cent and manufacturing shipments were up by about 4.6 per cent. By contrast, total employment through the first four months of the year was down by 2.2 per cent, and average weekly earnings failed to keep pace with the overall rate of inflation.

Job losses have not affected all regions and sectors equally. Total employment in **Regina** is up but the number of jobs in most other major centres, including **Saskatoon**, has shrunk. Most of the job losses have been in part-time employment and have taken place in agriculture. Employment has increased in the primary industry, professional services, and public administration sectors.

Saskatchewan Starts



Source: CMHC. 2001-2002 forecast.

The weak labour market relative to that of Alberta will continue to lead to an outflow of workers to that province. This outflow is contributing to a shortage of skilled labour and dampening housing demand.

Weak job markets combined with continued out-migration will contribute to a decrease of nearly 16 per cent in housing starts this year. Improving labour markets and a greater supply of more affordable homes in **Saskatoon** as a result of public-private partnerships should help starts return to higher levels in 2002.

In Detail

Single Starts: Negative economic news for the first half of the year may have caused some households to delay purchasing new homes. As a result, single starts are expected to decline by nearly 13 per cent this year. Improved market conditions in **Saskatoon** and **Regina** will lead to a rebound in single starts next year.

Multiple Starts: Despite an anticipated recovery in 2002, multiple construction will remain below the levels seen over the past five years. Most of the new construction will be condominiums aimed at the more upscale, empty-nester market.

Resales: After declining in 2000, MLS sales are forecast to rise by two per cent in 2001. Total sales will reach 7,700 units this year and next. Nearly 75 per cent of these sales will take place in **Saskatoon** and **Regina**. The resale market in both of these centres will be classified as balanced in 2001.

Prices: The average MLS price is forecast to increase by 5.8 per cent in 2001 and 4 per cent in 2002. In **Saskatoon**, the average price will be driven up largely by a greater number of sales at the higher end of the price spectrum. Price gains in **Regina** will be more moderate than in Saskatoon.

Spotlight on SASKATOON

In Saskatoon, the average size of a new single-family dwelling has been shrinking in recent years. In 1995, the average square footage of a single-detached home was about 1,650 square feet. Currently, the average size is just over 1,510 square feet.

From 1999 to 2000, the market share of new single-family homes priced between $110,000 and $150,000 increased from 33 per cent to 40 per cent. Conversely, the market share of homes priced above $150,000 and less than $190,000 declined by seven percentage points.

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Manitoba

Overview

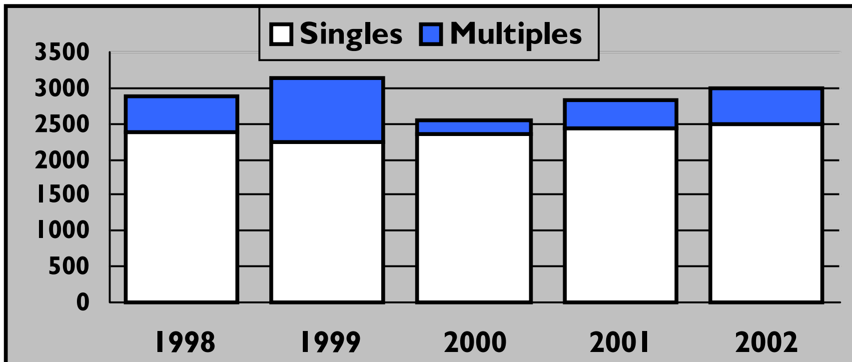
Steady economic growth supports housing expansion

Housing starts will jump this year and rise again in 2002. Annual starts will be slightly higher than the average of the past five years. The housing outlook is a reflection of steady economic growth and favourable job creation and migration trends.

The service sector accounts for over two-thirds of economic output and about three-quarters of total employment. Compared to the goods-producing sector, services are less vulnerable to swings in overall economic activity. Although the number of jobs in the goods-producing sector declined by 2.4 per cent through the first five months of the year compared to the same period a year earlier, total employment was up by one per cent on the strength of a 2.2 per cent increase in service-sector employment.

The labour market will continue to tighten, leading to a shortage of skilled labour in key industries. The resulting wage gains should have a beneficial impact on the demand for existing and new homes.

Manitoba Starts



Source: CMHC. 2001-2002 forecast.

From January through May, average weekly earnings increased by 3.7 per cent over the same period last year. Wage gains in **Winnipeg** outpaced those in the rest of the province.

In the past two years, gains from international migration have offset losses from interprovincial migration. In 2001 and 2002, net migration levels should be above the average of the past five years.

In Detail

Single Starts: Excess demand from the resale market will benefit the new home market. Look for moderate growth in single starts this year and next. Output will reach the highest level since 1990.

Multiple Starts: After reaching a record low in 2000, multiple starts are forecast to rebound. The majority of demand for multiples will come from the life-lease market that serves the housing needs of individuals aged 55 and over. Nearly two-thirds of these starts will take place in **Winnipeg.**

Resales: The resale market continues to benefit from low mortgage rates and a good job market. Total MLS sales should rise in 2001 and level off next year. Nearly 90 per cent of these sales will take place in the city of **Winnipeg** and surrounding areas.

Prices: Manitoba continues to have one of the most affordable resale markets in the country. However, an increase in the number of newly constructed homes aimed at move-up buyers being put on the market through MLS will push up average resale prices over the next two years.

Spotlight on RURAL MARKETS

After reaching a low of about 14 per cent in 1984, rural markets have increased their share of single-detached starts in the province. Over the past five years, slightly over 40 per cent of new single-detached homes have been built in centres with a population of less than 10,000. In the same period, about 25 cent of new multiple dwellings have been built in these centres.

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Ontario

Overview

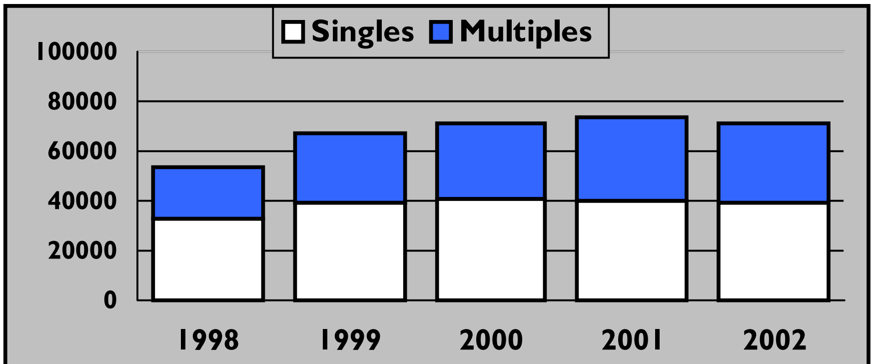
Starts plateau at high levels

Home builders remain busy despite economic sluggishness in the United States and related uncertainty in Ontario's auto sector. Demand for homes has been buoyed by rising immigration, low interest rates, and active consumers.

The housing sector will continue to perform well. Starts will inch up this year before edging back in 2002. Although starts will remain strong, they will not attain the peak reached in the 1980s boom years. One key reason is that baby boomers, who were very active home purchasers in the late 1980s, are now at an age when most own homes.

For the year to date, housing starts are running ahead of last year. Condominiums and other ownership multiples have been responsible for this year's increase.

Ontario Starts



Source: CMHC. 2001-2002 forecast.

Economics and demographics are the two main forces shaping housing demand. On the economic front, although job creation has hit minor turbulence, May employment levels were as high as ever. All the same, the province's leading economic indicators are mixed, with some edging lower, implying slower job creation in the remainder of the year. The impact of slower growth on the housing sector will be felt with a lag and will likely linger at the outset of next year.

On the demographic front, immigration is powering housing demand. Canada's high immigration targets were surpassed last year, with Ontario receiving the lion's share. Preliminary Ontario immigration data to date shows this year's inflows up by almost a third.

In Detail

Single Starts: Active resale markets offer good opportunity for people selling current homes to move up to newly constructed ones. Single-detached home starts will remain high, albeit modestly lower than last year.

Multiple Starts: With prices rising, multiple-family homes are a lower-cost substitute for single-detached houses. Multiple starts will jump over a tenth this year before edging back next year. Most multiple construction will be in ownership homes: town homes and condominium apartments.

Resales: Resale markets are hot in many parts of the province. Home sales will remain high. Low mortgage rates and tight rental markets will keep first-time buyers out in force. Move-up home buyers will be encouraged by equity gains.

Prices: Expect price increases to remain above the general rate of inflation. Leading price indicators, such as sales-to-new-listings ratios, indicate that resale markets are tight across most of Ontario.

Spotlight on IMMIGRATION

Population growth is the key ingredient to housing demand. Lower birth rates in an aging population are contributing less to population growth. Immigration is contributing more. Immigration levels have risen substantially this year. Ontario's established social and ethnic networks have attracted three-fifths of Canada's new arrivals.

What are some broad immigrant characteristics? Immigrants tend to be younger than an average Canadian-born person. Many are well educated. They tend initially to move into large urban centres and rent. First-home purchases average four years later in life than for people born in Canada.

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Quebec

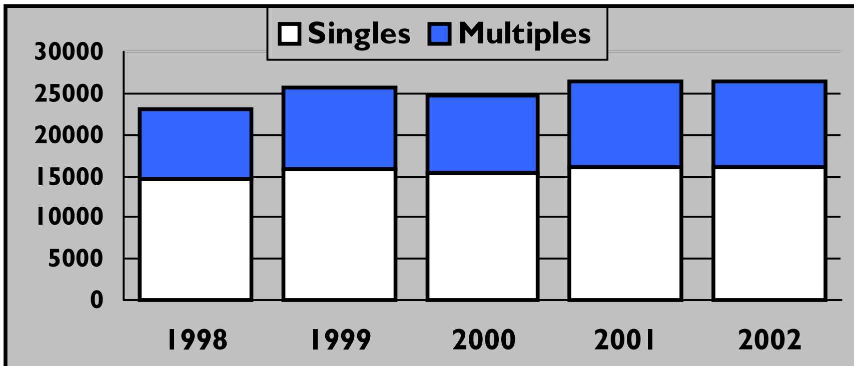
Overview

Residential construction to do well despite economic slowdown

Residential construction will post gains both this year and next year. The solid performance of the labour market in the last few quarters and the gradual depletion of the number of properties for sale and units for rent are factors that will support this increase.

In Quebec, the impact of the North American economic slowdown will be less significant than in the early 1990s since the province now exports more products that are less sensitive to economic cycles. Tax cuts will also help cushion the effects of the economic downturn. Economic growth will slow to 2.7 per cent in 2001 and then reach 3.0 per cent in 2002.

Quebec Starts



Source: CMHC. 2001-2002 forecast.

Over the next few years, job creation will remain positive despite a slower pace. The unemployment rate will level off at 8.4 per cent in 2001 and then fall to 8.2 per cent in 2002.

According to CMHC's October 2000 survey, the rental market in Quebec has a vacancy rate of 2.2 per cent. In the three large metropolitan areas (**Hull**, **Montréal** and **Québec**), the proportion of vacancies is under 2.0 per cent, and a further decrease is anticipated in 2001.

In Detail

Single Starts: Low inventories of new and existing homes, the good performance of the job market, increasing disposable income, and low mortgage rates will buoy residential construction. Starts will reach 16,200 units this year and 16,100 in 2002.

Multiple Starts: The low vacancy rate observed in Quebec will be a major incentive for multiple starts. The retirement home market is also favoured by investors, and this trend will be maintained over the next few years with the aging of the population. Thanks to the dynamic condominium market in **Montréal**, starts of this type of housing will peak in 2001 before slowing next year.

Resales: The number of properties for sale is down, and there is increasing pressure on prices. Sales will continue to rise this year before dropping marginally in 2002, as a result of moderate employment growth and a more limited choice on the existing home market. Here too, low mortgage rates will encourage renter households to become homeowners.

Prices: The resale market, increasingly favourable to sellers, will put upward pressure on the average price of existing homes, which will rise by 4.7 per cent this year and 4.3 per cent in 2002.

Spotlight on HIGH-END CONSTRUCTION IN MONTREAL

Second-and-third-time buyers will continue to be very active in the new home market. Specifically, they will fuel the high-end single-detached home market (starting at $200,000), which has been booming for three years now.

This trend towards buyers requesting more luxurious properties will continue this year. Single-detached homes worth over $200,000 should corner approximately 80 per cent of the market on Montreal Island and 25 per cent of the market in the suburbs.

This niche in the market offers more interesting profit margins to builders, since clients choose more options and are ready to pay more for luxury and quality.

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New Brunswick

Overview

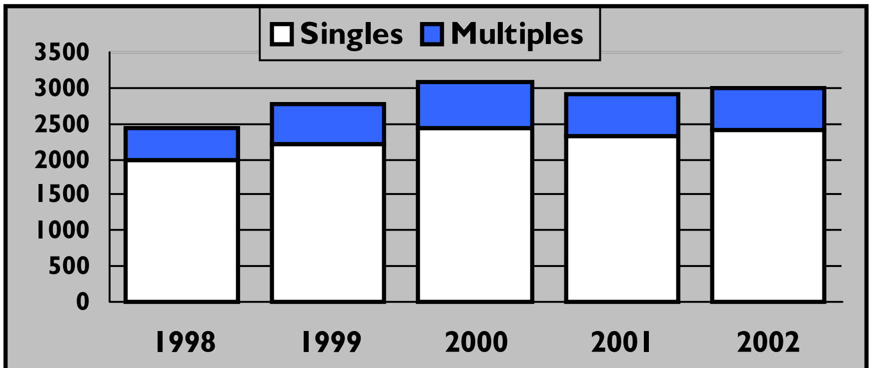
Transitional period for provincial economy

For the economy, 2001 represents a year of transition. While the "new economy" continues to generate some growth, traditional industries are having to adjust to current economic conditions. A slowdown in mega-project activity combined with a weaker U.S. economy will affect economic growth this year. Over the long term, economic prospects will continue to improve as a result of past and current investment in both energy and transportation infrastructure. Exports to the U.S. should also bounce back next year as the American economy improves. Expect GDP growth to moderate this year before rebounding in 2002.

Employment growth this year and next year will not match the pace set last year. Although economic conditions are expected to improve later on this year, annual employment growth will slow to around one per cent in 2001 and 2002. With labour force growth also expected to be around one per cent a year, the unemployment rate will remain close to 10 per cent.

Demand for employees in the information technology and service sectors will attract migrants to **Saint John**, **Moncton**, and **Fredericton**. Migration will help sustain rental demand and demand for new homes.

New Brunswick Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: Severe winter conditions have delayed construction of single-family dwellings. Starts are expected to pick up in the second half of the year but will nonetheless drop nearly 5 per cent. Builders will have to wait until 2002 for starts to approach last year's total.

Multiple Starts: Multiple starts should drop this year before rising slightly in 2002. Near-record-low vacancy rates in **Saint John**, **Moncton**, and **Fredericton** are not currently enough to convince developers that sufficient demand exists for construction activity beyond what is currently planned for 2001.

Resales: A slow start for new residential construction combined with strong demand for single-family dwellings have generated higher-than-expected MLS sales to date this year. Look for sales this year to match last year's record.

Prices: Strong demand and limited listings will produce steady, moderate price gains this year and next.

Spotlight on SAINT JOHN

Rental construction has been low in Saint John over the last five years. Developers have focused on converting old apartment buildings and empty commercial buildings into high-end units. Improving the attractiveness of this stock has helped reduce the vacancy rate in Saint John from a high of 9.1 per cent in 1996 to a record low 3.4 per cent in 2000.

The scarcity of buildings available for conversion combined with sustained demand and a limited supply of units available for rent will now encourage developers to build new rental structures. Rental starts will remain low again this year but improve over the next few years.

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Nova Scotia

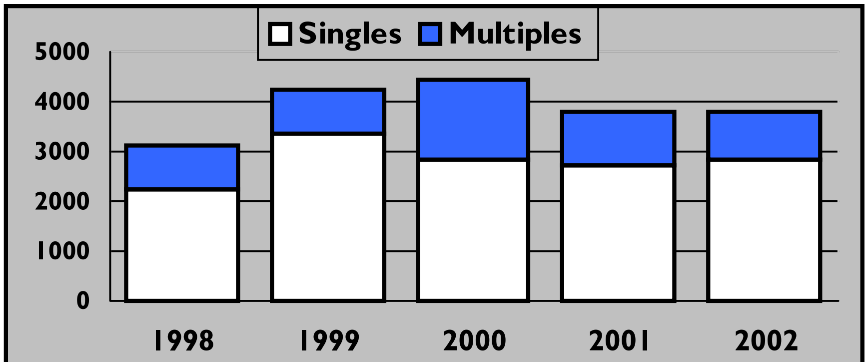
Overview

Housing market to weaken with economy

Despite weak economic and employment growth so far in 2001, consumers remain confident as evidenced by retail sales growth and unexpected resilience in existing home sales. However, as weakness in the manufacturing, tourism, and trade sectors spreads into other parts of the service sector in the second half of the year, consumer confidence and housing market activity are expected to soften.

The slowdown in the U.S. economy will contribute to weakness in key sectors, such as tourism and exports. Look for economic growth to slow this year and begin to recover next year in tandem with improvement in the North American economies.

Nova Scotia Starts



Source: CMHC. 2001-2002 forecast.

Employment growth should show the same pattern: a significant slowdown this year and some improvement next year.

After two strong years, housing starts are expected to drop this year and level off next year. Reduced multiple construction will account for the bulk of the decrease in starts. After hitting the highest level since 1991, multiple starts will return to levels close to the average of the last five years.

In Detail

Single Starts: Starts have been unexpectedly sluggish so far this year as high costs are making it difficult for builders to adjust product offerings to suit a growing number of first-time homebuyers. Despite an anticipated rally in the third quarter, single starts are forecast to decline again in 2001, although more modestly than was the case last year.

Multiple Starts: Falling mortgage rates and rising rents have drawn more first-time homebuyers into the market, which in tandem with reduced net migration, has dampened rental market demand. Furthermore, because many apartment and condominium projects that were started in the second half of 2000 are still under construction, fewer developers feel that the time is right for new projects. Consequently, multiple unit starts are on track to decline by a third from last year.

Resales: Despite a persistent shortage of existing homes for sale and continued average price growth above the rate of inflation, MLS sales have been surprisingly resilient so far in 2001. However, activity is still expected to slow significantly in the second half of the year with sales forecast to end this year on par with last year.

Prices: Despite an increasing number of first-time buyers in the market, healthy demand and a limited supply of homes for sale have kept prices buoyant so far this year. Average price growth is expected to slow down as the year progresses. Look for growth well below that seen in 2000 but still above the rate of inflation.

Spotlight on CONDOMINIUMS

Condo market established and growing

Existing condominium sales and construction of new condo projects have increased substantially in Nova Scotia over the last two years. Current sellers-market conditions are encouraging empty nesters and retirees to sell their homes, while tight rental markets are persuading baby boomers to buy upscale apartments and townhouses instead of renting.

With demand being driven mainly by baby boomers, spacious luxury units in prime locations such as downtown Halifax, Chester, and Wolfville will remain very popular over the next two years.

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P.E.I.

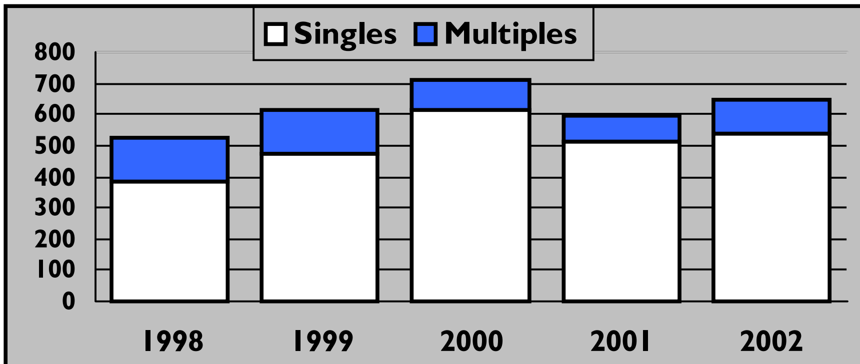
Overview

Steady economic growth expected

After a tremendous year in 2000 for both employment and economic growth, look for more subdued growth in 2001. The Island will continue to benefit from economic diversification, particularly the growing communications and aerospace sectors. The value of exports should remain stable, supported by the low value of the Canadian dollar even as the U.S. economy cools. With both the Canadian and U.S. economies slowing, look for economic growth in P.E.I. to slow from 4.0 per cent last year to 2.3 per cent this year, before increasing slightly in 2002 as the North American economy begins to rebound.

The labour force is expected to grow through a combination of more Islanders looking for jobs and continuing positive net migration. Labour force growth is forecast to match employment growth in 2001, keeping the unemployment rate steady. Expect the unemployment rate to drop in 2002 as employment gains outpace labour force growth.

P.E.I. Starts



Source: CMHC. 2001-2002 forecast.

Momentum from a strong year for single starts in 2000 will ensure housing starts remain well above historical averages in 2001 and 2002. As a result of the slowing economy, look for housing starts to drop this year and rise moderately in 2002. Despite the decline in 2001, starts will still reach the third-highest level in the past ten years.

In Detail

Single Starts: Last year, starts reached the highest level since 1988. Due to a decreasing number of rural starts across the province, single starts are expected to drop to 510 and 535 in 2001 and 2002, respectively. These levels still represent the second and third highest outputs since 1988.

Multiple Starts: Although tight rental market conditions exist in **Charlottetown** and **Summerside**, a significant increase in multiple starts is not expected over the forecast period since developers are unsure of the depth of demand. Multiple starts are expected to decrease in 2001, before rebounding slightly in 2002.

Resales: The demand for existing homes is strong, as is evident from the tremendous year-over-year growth in MLS sales since 1995. Last year, sales set a record. The upward trend is expected to continue in 2001, before sales drop slightly in 2002.

Prices: Strong demand for existing homes, especially in the **Charlottetown** area, combined with a shortage of houses available for sale at an affordable price, will keep average resale prices rising at a modest clip.

Spotlight on CONSTRUCTION

Commercial investment to remain strong

The Island is about to see the start of construction for two major commercial projects. In Charlottetown, construction of a new $20.4 million Atlantic Technology Centre is soon to begin. This centre will be designed to help attract and retain information technology companies. As well, Summerside is about to commence construction of the new $50-million-plus East Prince Health Facility, the single largest investment the province has ever made in the area of health.

These two projects will see a great deal of money injected into the local economies and should continue to help stimulate local housing markets in Charlottetown and Summerside.

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Newfoundland

Overview

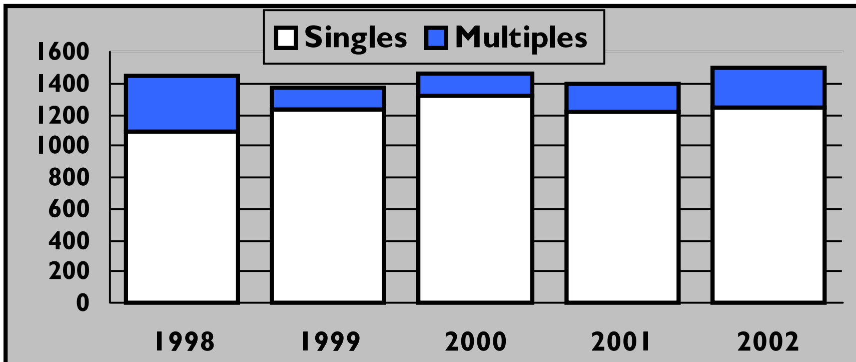
Oil production and higher incomes keep economic expansion on track

Despite delays in the Terra Nova project, the oil industry will remain the major catalyst of economic growth over the medium to long term. Production at Hibernia should reach its annual limit of 66 million barrels next year, up from about 53 million barrels in 2000. The expected start-up of the White Rose project and commencement of production at the onshore Garden Hill oil development will also bolster output this year and next. With the Terra Nova project expected to quickly reach its full production limit of around 45 million barrels, a significant jump in economic growth is forecast in 2002. By contrast, the growth forecast for this year has been cut in light of recent reductions in the shrimp and crab fisheries.

Following an 18-month hiatus, formal discussions between the Province and Inco Limited to develop the Voisey's Bay nickel deposit recommenced in mid-June. A decision to proceed would present upside risk to the economic and housing forecasts.

Healthy income growth will fuel consumer spending and lead to further gains in service industries. Employment will rise 1.0 per cent this year and 1.5 per cent in 2002. Job growth as well as the decentralization of provincial government services should benefit urban housing markets outside St. John's. In contrast, rural areas will remain weak as populations decline and reductions in the shrimp and crab fisheries suppress home buying.

Newfoundland Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: A limited supply of existing homes and rising employment and incomes, particularly in **St. John's**, will keep single starts at healthy levels. While improved weather has allowed builders to clear the backlog of sales created by the worst winter on record, these earlier losses will not be fully offset in 2001. As a result, starts will drop this year before rising slightly in 2002.

Multiple Starts: Multiple starts should rise this year and next year. During the mid to late 1990s, record outmigration led to a glut of housing and reduced rental construction. With most of the vacant rental stock now converted to condominiums and demand growing, look for rental construction to increase in coming years. Rising development costs mean the new stock will be higher-priced, targeted towards aging boomers and seniors. These groups, as well as migrants to the **St. John's** region, will also support construction of mid-to-high-priced apartment and townhouse condominiums.

Resales: The resale market has been resilient this year. Quality listings remain scarce, producing some demand spillover to the new home market. Look for MLS sales to rise marginally this year and next.

Prices: Tight supplies and a continuing shift towards more expensive homes will produce steady but modest price gains this year and next.

Spotlight on ST. JOHN'S

The housing market strengthened significantly in the downtown core of St. John's in recent years. Sales of existing homes increased 8.8 per cent last year and were up by almost 30 per cent from 1998. Since 1998, average resale prices jumped 21 per cent, and the average time to sell a home fell from 55 to 45 days.

While extensive upgrading of the existing stock accounts for much of the increase in home values, growing demand is also pushing prices up. Professionals in the oil and high-tech industries as well as individuals and childless couples are the groups fuelling the downtown market. Given the outlook for continued expansion in the oil industry as well as the economic impacts of the new Mile One Stadium and Convention Centre, prospects for the downtown remain favourable.

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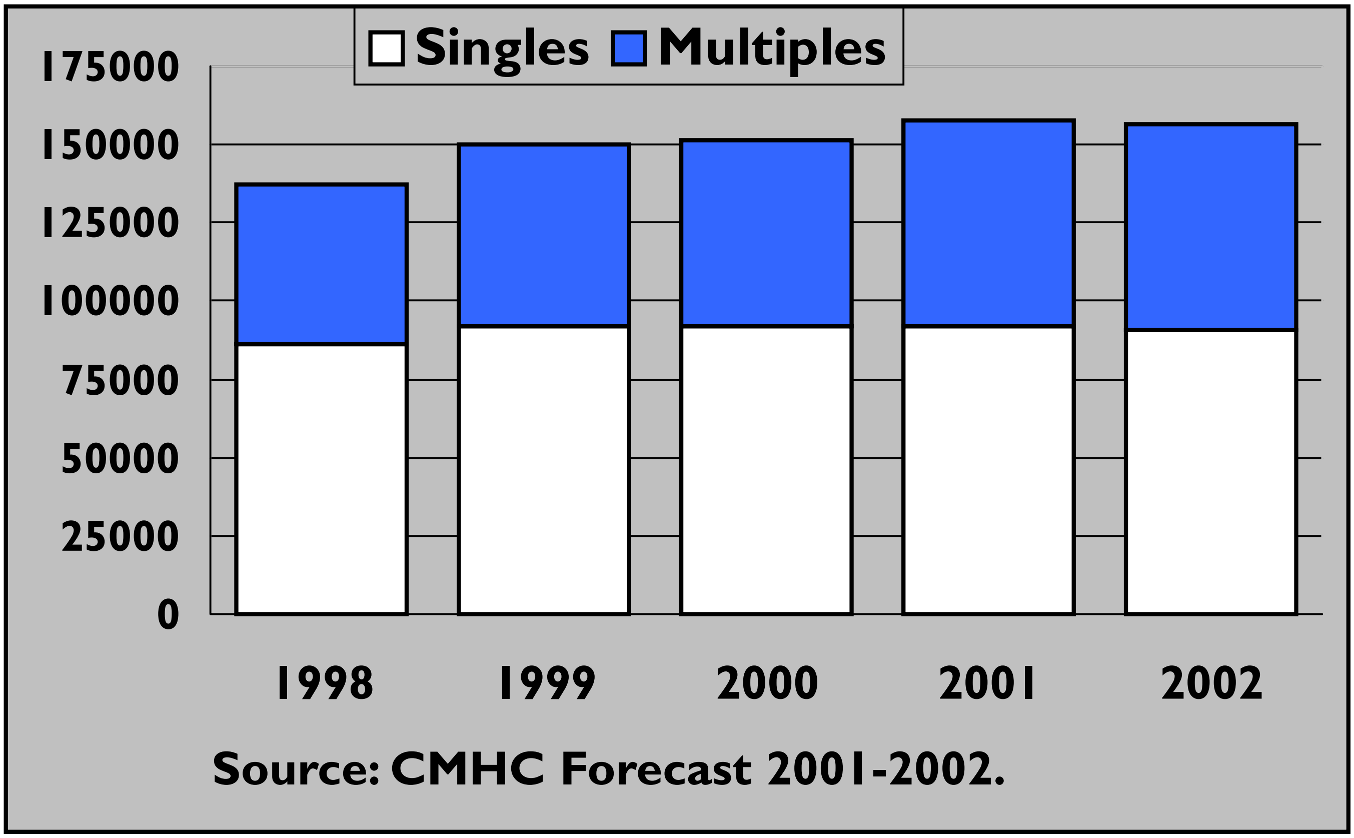
Canada Starts



Total Housing Starts
(units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	**2034**	**1696**	**1450**	**1371**	**1459**	**1400**	**1500**
%	18.8	-16.6	-14.5	-5.4	6.4	-4.0	7.1
PEI	**554**	**470**	**524**	**616**	**710**	**595**	**645**
%	31.3	-15.2	11.5	17.6	15.3	-16.2	8.4
NS	**4059**	**3813**	**3137**	**4250**	**4432**	**3800**	**3800**
%	-2.6	-6.1	-17.7	35.5	4.3	-14.3	0.0
NB	**2722**	**2702**	**2447**	**2776**	**3079**	**2900**	**3000**
%	18.3	-0.7	-9.4	13.4	10.9	-5.8	3.4
QUE	**23220**	**25896**	**23138**	**25742**	**24695**	**26400**	**26500**
%	6.1	11.5	-10.7	11.3	-4.1	6.9	0.4
ONT	**43062**	**54072**	**53830**	**67235**	**71521**	**73900**	**71500**
%	20.2	25.6	-0.4	24.9	6.4	3.3	-3.2
MAN	**2318**	**2612**	**2895**	**3133**	**2560**	**2820**	**3000**
%	18.1	12.7	10.8	8.2	-18.3	10.2	6.4
SASK	**2438**	**2757**	**2965**	**3089**	**2513**	**2120**	**2700**
%	43.2	13.1	7.5	4.2	-18.6	-15.6	27.4
ALTA	**16665**	**23671**	**27122**	**25447**	**26266**	**26750**	**26000**
%	19.8	42.0	14.6	-6.2	3.2	1.8	-2.8
BC	**27641**	**29351**	**19931**	**16309**	**14418**	**17300**	**18000**
%	2.2	6.2	-32.1	-18.2	-11.6	20.0	4.0
CAN	**124713**	**147040**	**137439**	**149968**	**151653**	***158000**	***156600**
%	12.4	17.9	-6.5	9.1	1.1	4.2	-0.9

Source: CMHC Forecast 2001-2002.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	**1395**	**1220**	**1086**	**1233**	**1315**	**1225**	**1250**
%	19.7	-12.5	-11.0	13.5	6.7	-6.8	2.0
PEI	**430**	**374**	**387**	**472**	**614**	**510**	**535**
%	18.1	-13.0	3.5	22.0	30.1	-16.9	4.9
NS	**3278**	**2939**	**2257**	**3345**	**2856**	**2725**	**2850**
%	7.8	-10.3	-23.2	48.2	-14.6	-4.6	4.6
NB	**2173**	**2125**	**1989**	**2201**	**2442**	**2325**	**2400**
%	26.2	-2.2	-6.4	10.7	10.9	-4.8	3.2
QUE	**14818**	**16073**	**14685**	**15798**	**15349**	**16200**	**16100**
%	10.4	8.5	-8.6	7.6	-2.8	5.5	-0.6
ONT	**27019**	**35401**	**32737**	**39421**	**41087**	**39900**	**39000**
%	34.3	31.0	-7.5	20.4	4.2	-2.9	-2.3
MAN	**1875**	**2019**	**2368**	**2231**	**2348**	**2450**	**2500**
%	19.9	7.7	17.3	-5.8	5.2	4.3	2.0
SASK	**1612**	**1954**	**2154**	**2070**	**1890**	**1650**	**2050**
%	20.2	21.2	10.2	-3.9	-8.7	-12.7	24.2
ALTA	**12949**	**18170**	**20077**	**16688**	**16835**	**17500**	**17200**
%	28.3	40.3	10.5	-16.9	0.9	4.0	-1.7
BC	**12447**	**12911**	**8691**	**8731**	**7448**	**7300**	**7000**
%	7.5	3.7	-32.7	0.5	-14.7	-2.0	-4.1
CAN	**77996**	**93186**	**86431**	**92190**	**92184**	***91800**	***90900**
%	21.1	19.5	-7.2	6.7	-0.0	-0.4	-1.0

Source: CMHC Forecast 2001-2002.
(F) Forecast.
*** Total does not add due to rounding.**

Multiple Starts
(units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	**639**	**476**	**364**	**138**	**144**	**175**	**250**
%	16.8	-25.5	-23.5	-62.1	4.3	21.5	42.9
PEI	**124**	**96**	**137**	**144**	**96**	**85**	**110**
%	113.8	-22.6	42.7	5.1	-33.3	-11.5	29.4
NS	**781**	**874**	**880**	**905**	**1576**	**1075**	**950**
%	-30.8	11.9	0.7	2.8	74.1	-31.8	-11.6
NB	**549**	**577**	**458**	**575**	**637**	**575**	**600**
%	-5.0	5.1	-20.6	25.5	10.8	-9.7	4.3
QUE	**8402**	**9823**	**8453**	**9944**	**9346**	**10200**	**10400**
%	-0.7	16.9	-13.9	17.6	-6.0	9.1	2.0
ONT	**16043**	**18671**	**21093**	**27814**	**30434**	**34000**	**32500**
%	2.2	16.4	13.0	31.9	9.4	11.7	-4.4
MAN	**443**	**593**	**527**	**902**	**212**	**370**	**500**
%	11.0	33.9	-11.1	71.2	-76.5	74.5	35.1
SASK	**826**	**803**	**811**	**1019**	**623**	**470**	**650**
%	128.8	-2.8	1.0	25.6	-38.9	-24.6	38.3
ALTA	**3716**	**5501**	**7045**	**8759**	**9431**	**9250**	**8800**
%	-2.5	48.0	28.1	24.3	7.7	-1.9	-4.9
BC	**15194**	**16440**	**11240**	**7578**	**6970**	**10000**	**11000**
%	-1.8	8.2	-31.6	-32.6	-8.0	43.5	10.0
CAN	**46717**	**53854**	**51008**	**57778**	**59469**	***66200**	***65800**
%	0.4	15.3	-5.3	13.3	2.9	11.3	-0.6

Source: CMHC Forecast 2001-2002.
(F) Forecast.
*** Total does not add due to rounding.**

Multiple Housing Starts by Type

		1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	Semi-detached	141	158	163	50	44	30	60
	Row	40	18	20	9	23	50	40
	Apartment	458	300	181	79	77	95	150
	Total	639	476	364	138	144	175	250
PEI	Semi-detached	10	12	28	32	46	25	30
	Row	68	43	10	31	21	5	10
	Apartment	46	41	99	81	29	55	70
	Total	124	96	137	144	96	85	110
NS	Semi-detached	447	303	290	218	266	225	200
	Row	59	58	89	29	17	25	50
	Apartment	275	513	501	658	1293	825	700
	Total	781	874	880	905	1576	1075	950
NB	Semi-detached	138	106	106	134	113	60	110
	Row	92	132	89	94	26	145	60
	Apartment	319	339	263	347	498	370	430
	Total	549	577	458	575	637	575	600
QUE	Semi-detached	2384	2767	1930	1586	1291	1250	1250
	Row	1094	1433	1074	1184	858	850	850
	Apartment	4924	5623	5449	7174	7197	8100	8300
	Total	8402	9823	8453	9944	9346	10200	10400
ONT	Semi-detached	3348	4299	4575	6445	7167	7500	7100
	Row	8124	9964	10073	10425	10846	9500	9100
	Apartment	4571	4408	6445	10944	12421	17000	16300
	Total	16043	18671	21093	27814	30434	34000	32500
MAN	Semi-detached	126	143	131	90	52	70	90
	Row	113	96	81	151	63	95	130
	Apartment	204	354	315	661	97	205	280
	Total	443	593	527	902	212	370	500
SASK	Semi-detached	134	160	174	155	148	90	120
	Row	193	352	222	104	173	125	175
	Apartment	499	291	415	760	302	255	355
	Total	826	803	811	1019	623	470	650
ALTA	Semi-detached	1049	1458	1428	1570	1518	1500	1600
	Row	1203	1691	1512	1424	1545	1600	1650
	Apartment	1464	2352	4105	5765	6368	6150	5550
	Total	3716	5501	7045	8759	9431	9250	8800
BC	Semi-detached	1528	1979	1218	816	885	1000	1100
	Row	3364	3469	2117	1444	1675	2000	2100
	Apartment	10302	10992	7905	5318	4410	7000	7800
	Total	15194	16440	11240	7578	6970	10000	11000
CAN	Semi-detached	9305	11385	10043	11096	11530	*11800	*11700
	Row	14350	17256	15287	14895	15247	*14400	*14200
	Apartment	23062	25213	25678	31787	32692	*40100	*39900
	Total	46717	53854	51008	57778	59469	*66200	*65800

Source: CMHC Forecast 2001-2002.
* Total does not add due to rounding.

Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over							
		Rental/Co-op Private	Rental/Co-op Assisted	Total Rental	Condo	Other*	Total 10,000+	Other Areas	All Areas Total
NFLD	2000	0	0	0	15	101	116	28	144
	2001	100	0	100	35	30	165	10	175
	2002	150	0	150	50	40	240	10	250
PEI	2000	62	0	62	0	10	72	24	96
	2001	40	0	40	10	10	60	25	85
	2002	40	0	40	40	10	90	20	110
NS	2000	809	0	809	371	150	1330	246	1576
	2001	560	40	600	250	75	925	150	1075
	2002	525	0	525	200	75	800	150	950
NB	2000	354	0	354	41	180	575	62	637
	2001	300	0	300	125	100	525	50	575
	2002	330	0	330	100	120	550	50	600
QUE	2000	3721	0	3721	3697	1432	8850	496	9346
	2001	4200	0	4200	4000	1300	9500	700	10200
	2002	4650	0	4650	3750	1300	9700	700	10400
ONT	2000	2045	0	2045	13176	15157	30378	56	30434
	2001	3700	0	3700	16300	13860	33860	140	34000
	2002	3870	0	3870	15300	13200	32370	130	32500
MAN	2000	91	0	91	36	14	141	71	212
	2001	155	0	155	110	15	280	90	370
	2002	225	0	225	140	20	385	115	500
SASK	2000	26	0	26	471	78	575	48	623
	2001	35	0	35	350	50	435	35	470
	2002	55	0	55	470	75	600	50	650
ALTA	2000	1255	0	1255	6141	888	8284	1147	9431
	2001	1600	0	1600	5775	700	8075	1175	9250
	2002	1400	0	1400	5825	500	7725	1075	8800
BC	2000	1055	524	1579	3978	809	6366	604	6970
	2001	1800	800	2600	5700	900	9200	800	10000
	2002	2000	800	2800	6300	1000	10100	900	11000
CAN	2000	9418	524	9942	27926	18819	56687	2782	59469
	2001	12490	840	13330	32655	17040	63025	3175	**66200
	2002	13245	800	14045	32175	16340	62560	3200	**65800

Source: CMHC Forecast 2001-2002.
* Includes homeowner and unclassified units.
** Total does not add due to rounding.

MLS Total Residential Sales
(units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	**2005**	**2170**	**2288**	**2437**	**2593**	**2625**	**2650**
%	21.1	8.2	5.4	6.5	6.4	1.2	1.0
PEI	**750**	**806**	**1125**	**1184**	**1206**	**1225**	**1200**
%	57.6	7.5	39.6	5.2	1.9	1.6	-2.0
NS	**8372**	**7567**	**8052**	**8827**	**8429**	**8450**	**8650**
%	19.3	-9.6	6.4	9.6	-4.5	0.2	2.4
NB	**4023**	**3941**	**3908**	**4080**	**4524**	**4525**	**4550**
%	15.1	-2.0	-0.8	4.4	10.9	0.0	0.6
QUE	**39135**	**43463**	**45192**	**49792**	**53755**	**55300**	**55000**
%	31.4	11.1	4.0	10.2	8.0	2.9	-0.5
ONT	**137921**	**140608**	**138463**	**148659**	**147036**	**152000**	**149000**
%	31.4	1.9	-1.5	7.4	-1.1	3.4	-2.0
MAN	**10965**	**11180**	**10762**	**11111**	**10612**	**11100**	**11100**
%	12.5	2.0	-3.7	3.2	-4.5	4.6	0.0
SASK	**8689**	**8346**	**8068**	**8053**	**7552**	**7700**	**7700**
%	18.2	-3.9	-3.3	-0.2	-6.2	2.0	0.0
ALTA	**37485**	**43693**	**43383**	**42684**	**43311**	**45600**	**45000**
%	28.8	16.6	-0.7	-1.6	1.5	5.3	-1.3
BC	**72182**	**68182**	**52910**	**58084**	**54179**	**64000**	**65000**
%	24.3	-5.5	-22.4	9.8	-6.7	18.1	1.6
CAN	**321527**	**329956**	**314151**	**334911**	**333197**	***352500**	***349900**
%	27.7	2.6	-4.8	6.6	-0.5	5.8	-0.7

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc., CMHC Forecast 2001-2002.
(F) Forecast.
*** Total does not add due to rounding.**

MLS Average Residential Price
(dollars and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	**93661**	**92226**	**91514**	**94359**	**99525**	**101000**	**102500**
%	4.6	-1.5	-0.8	3.1	5.5	1.5	1.5
PEI	**83922**	**86403**	**79577**	**82139**	**82883**	**84500**	**85250**
%	13.7	3.0	-7.9	3.2	0.9	2.0	0.9
NS	**93444**	**96693**	**97015**	**102628**	**110269**	**115000**	**118000**
%	4.1	3.5	0.3	5.8	7.4	4.3	2.6
NB	**84198**	**87204**	**86648**	**88072**	**91624**	**92500**	**94000**
%	0.2	3.6	-0.6	1.6	4.0	1.0	1.6
QUE	**98435**	**101715**	**103947**	**107501**	**111260**	**116500**	**121500**
%	-0.3	3.3	2.2	3.4	3.5	4.7	4.3
ONT	**155662**	**164382**	**167115**	**174049**	**183870**	**193000**	**200000**
%	0.7	5.6	1.7	4.1	5.6	5.0	3.6
MAN	**85318**	**85404**	**86419**	**84525**	**87884**	**92000**	**96000**
%	4.2	0.1	1.2	-2.2	4.0	4.7	4.3
SASK	**77478**	**83978**	**87577**	**91396**	**94047**	**99500**	**103500**
%	5.0	8.4	4.3	4.4	2.9	5.8	4.0
ALTA	**117673**	**124865**	**132905**	**139621**	**146258**	**151500**	**156000**
%	2.5	6.1	6.4	5.1	4.8	3.6	3.0
BC	**218687**	**220512**	**212045**	**215283**	**221371**	**218000**	**223500**
%	-1.4	0.8	-3.8	1.5	2.8	-1.5	2.5
CAN	**150837**	**154644**	**152402**	**158126**	**164135**	***170700**	***176400**
%	0.3	2.5	-1.4	3.8	3.8	4.0	3.3

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc., CMHC Forecast 2001-2002.
(F) Forecast.
*** Total does not add due to rounding.**

Employment (annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	-3.7	1.2	2.6	5.5	-0.2	1.0	1.5
PEI	2.9	0.5	1.9	1.5	5.3	1.2	1.5
NS	0.2	1.6	3.8	2.4	2.7	0.5	1.2
NB	-1.2	1.5	2.3	3.3	1.8	1.2	1.1
QUE	-0.1	1.6	2.7	2.3	2.4	1.3	1.7
ONT	1.0	2.6	3.3	3.6	3.2	1.8	2.0
MAN	-0.1	1.3	1.9	1.3	2.2	1.0	1.2
SASK	-0.4	2.7	1.3	0.8	1.0	-1.0	1.0
ALTA	2.9	3.5	3.9	2.5	2.3	2.5	2.0
BC	1.6	2.6	0.1	1.9	2.2	0.8	1.9
CAN	0.8	2.3	2.7	2.8	2.6	1.4	1.8

Source: Statistics Canada, CMHC Forecast 2001-2002.
(F) Forecast.

Unemployment Rate (per cent)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	19.3	18.6	18.0	16.9	16.7	16.3	15.6
PEI	14.8	15.4	13.9	14.4	12.0	12.0	11.7
NS	12.3	12.1	10.5	9.6	9.1	9.5	9.3
NB	11.6	12.7	12.2	10.2	10.0	10.0	9.9
QUE	11.9	11.4	10.3	9.3	8.4	8.4	8.2
ONT	9.0	8.4	7.2	6.3	5.7	6.2	6.6
MAN	7.2	6.5	5.5	5.6	4.9	4.9	4.5
SASK	6.6	5.9	5.8	6.1	5.2	6.2	5.7
ALTA	6.9	5.8	5.6	5.7	5.0	4.9	4.8
BC	8.7	8.4	8.8	8.3	7.2	7.4	7.4
CAN	9.6	9.1	8.3	7.6	6.8	7.1	7.1

Source: Statistics Canada, CMHC Forecast 2001-2002.
(F) Forecast.

Real Gross Domestic Product
(annual per cent change)

	1996	1997	1998	1999	2000 (E)	2001 (F)	2002 (F)
NFLD	-4.2	1.1	6.0	6.0	5.2	2.5	5.5
PEI	3.2	-1.9	3.0	3.2	4.0	2.3	2.9
NS	0.3	3.2	3.0	5.2	2.7	1.9	2.5
NB	1.3	0.4	4.0	4.2	3.9	2.0	2.7
QUE	1.4	3.3	3.0	4.7	4.2	2.7	3.0
ONT	1.1	4.9	4.1	6.1	5.7	3.0	3.3
MAN	3.0	3.4	2.9	3.0	3.5	2.5	2.8
SASK	1.9	5.2	2.4	1.1	3.0	2.3	2.5
ALTA	2.4	7.5	3.7	2.5	6.5	4.5	3.5
BC	2.8	3.3	0.9	2.1	3.0	2.3	2.9
CAN	1.6	4.3	3.9	5.1	4.4	2.3	3.2

Source: Statistics Canada, CMHC Estimate 2000, CMHC Forecast 2001-2002.
(E) Estimate (for provinces only). (F) Forecast.
National figures reflect the Fisher index, while provincial figures reflect the Laspeyres indices.

Total Net Migration*
(persons)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	-7934	-8414	-7751	-2316	-3341	-2750	-2500
PEI	595	-232	117	882	403	500	550
NS	1599	527	222	3012	990	500	1000
NB	-620	-1223	-2257	1068	866	750	1000
QUE	5422	-1981	1637	5788	3486	1800	1000
ONT	84158	93877	71339	96598	123772	144000	134000
MAN	-1476	-4179	-1629	1272	752	-580	380
SASK	-588	-1473	-952	-4913	-7350	-4140	-2000
ALTA	24722	40645	45626	20402	30121	28000	24000
BC	67505	44614	11166	24512	17892	24500	29500
CAN**	173383	162161	117518	146305	167591	192580	186930

Source: Statistics Canada, CMHC Forecast 2001-2002.
(F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS sales	MLS single-detached average price	*	Rental vacancy rate structures of 3 units +
Victoria	2000	872	531	-4.3	4508	251398	A	1.8
	2001(F)	980	550	0.9	4750	253000	A	1.4
	2002(F)	1060	590	2.3	5020	260500	A	1.0
Vancouver	2000	8203	3132	-1.0	20401	378130	A	1.4
	2001(F)	9200	3100	0.5	23500	374300	A	1.2
	2002(F)	10000	3200	1.0	24200	385500	A	1.0
Edmonton	2000	6228	4072	2.1	14189	124203	A	1.4
	2001(F)	6600	4200	2.4	14600	130000	A	1.5
	2002(F)	6650	4250	3.0	14500	134000	A	1.8
Calgary	2000	11093	6749	2.4	19828	176305	A	1.3
	2001(F)	10000	6600	2.5	20600	183900	A	1.8
	2002(F)	9600	6500	2.3	20500	190000	A	1.8
Saskatoon	2000	968	602	2.0	2758	112567	A	1.4
	2001(F)	750	500	2.0	2800	117000	A	2.0
	2002(F)	1000	650	2.5	2800	121500	A	2.0
Regina	2000	615	459	2.6	2612	94518	A	1.4
	2001(F)	500	400	3.5	2700	97500	A	2.0
	2002(F)	625	475	3.5	2700	100000	A	2.0
Winnipeg	2000	1317	1210	2.8	9465	88553	A	2.0
	2001(F)	1475	1225	2.5	9950	92500	A	1.5
	2002(F)	1600	1275	2.5	9950	95500	A	1.5
Thunder Bay	2000	154	141	-1.3	1279	109811	A	5.8
	2001(F)	250	140	-1.0	1305	110909	A	4.0
	2002(F)	260	150	0.3	1344	112018	A	3.0
Sudbury	2000	173	169	-1.3	1825	109262	A	7.7
	2001(F)	185	175	-1.0	1830	109500	A	7.5
	2002(F)	190	180	0.3	1875	109700	A	7.0
Windsor	2000	2382	1748	0.7	4616	137453	A	1.9
	2001(F)	1825	1525	0.5	4550	138000	A	1.8
	2002(F)	2025	1575	0.5	4600	139380	A	2.0
London	2000	1713	1198	2.9	6505	134594	A	2.2
	2001(F)	1780	1220	2.2	6700	137000	A	2.1
	2002(F)	1755	1125	1.5	6450	138500	A	1.8
Kitchener	2000	3509	2261	4.0	4567	157386	A	0.7
	2001(F)	3500	2250	3.6	4550	165500	A	0.8
	2002(F)	3500	2400	3.6	4600	172500	A	1.2
St. Catharines-Niagara	2000	1230	962	4.2	4977	130854	A	2.6
	2001(F)	1280	900	2.7	5075	135750	A	2.3
	2002(F)	1400	975	3.3	5250	139900	A	2.0
Hamilton	2000	3108	1884	2.5	10347	164168	A	1.7
	2001(F)	3200	1875	2.8	10750	171500	A	1.3
	2002(F)	3340	1925	3.3	10900	178400	A	1.4
Toronto	2000	38982	17119	2.7	58343	243255	A	0.6
	2001(F)	40000	15000	2.8	61000	249000	A	0.7
	2002(F)	37000	14500	1.6	58000	254000	A	0.8

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS sales	MLS single-detached average price	*	Rental vacancy rate Structures of 3 units +
Oshawa	2000	2874	2152	n.a.	4401	164416	A	1.7
	2001(F)	2750	2000	n.a.	4200	170000	A	1.6
	2002(F)	2650	2000	n.a.	4150	175000	A	1.4
Ottawa	2000	5786	3494	7.3	12692	186992	A	0.2
	2001(F)	6980	4075	11.3	12172	202886	A	0.3
	2002(F)	7210	3940	8.4	12635	216682	A	0.5
Hull	2000	1224	768	n.a.	3230	91000	S	1.4
	2001(F)	1350	1075	n.a.	3000	94000	S	1.2
	2002(F)	1400	1030	n.a.	2850	96000	S	1.5
Montréal	2000	12766	6800	3.7	29555	132632	A	1.5
	2001(F)	13300	7900	5.0	31000	139900	A	1.0
	2002(F)	13000	7500	5.0	30500	146400	A	0.8
Trois-Rivières	2000	337	225	n.a.	860	78000	A	6.8
	2001(F)	410	230	n.a.	855	79500	A	6.2
	2002(F)	400	230	n.a.	855	80500	A	6.0
Sherbrooke	2000	515	283	n.a.	1114	91300	A	4.7
	2001(F)	560	320	n.a.	1200	92800	A	3.5
	2002(F)	600	270	n.a.	1150	92800	A	3.0
Québec	2000	2275	1262	2.1	6254	88996	A	1.6
	2001(F)	2350	1370	2.0	6450	91500	A	1.0
	2002(F)	2450	1375	2.2	6250	94000	A	1.0
Chicoutimi-Jonquière	2000	296	203	n.a.	785	82331	S	4.4
	2001(F)	295	205	n.a.	725	83750	S	4.5
	2002(F)	300	205	n.a.	700	85000	S	4.8
Saint John	2000	346	309	-0.3	1383	94511	A	3.4
	2001(F)	345	300	0.5	1300	95000	A	4.3
	2002(F)	370	310	0.2	1350	94500	A	4.6
Halifax	2000	2661	1373	3.3	5610	128003	A	3.6
	2001(F)	2275	1400	2.5	5800	131250	A	4.5
	2002(F)	2150	1500	2.2	5825	132500	A	4.5
St. John's	2000	935	825	2.2	2453	100763	A	3.8
	2001(F)	925	775	1.5	2500	102000	A	3.0
	2002(F)	1025	800	2.0	2525	103000	A	3.0
Charlottetown	2000	318	264	1.8	497	103435	A	2.6
	2001(F)	300	240	1.7	500	104500	A	2.2
	2002(F)	320	240	1.3	490	105000	A	2.2
ALL METRO AREAS	2000	110880	60195	2.2	235054			1.6
	2001(F)	113365	59550	2.9	244362			1.4
	2002(F)	111880	59170	2.5	241969			1.3

*** Notes:**

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

n.a.: data not available

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2001-2002.

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly per cent change)

	99:Q3	99:Q4	00:Q1	00:Q2	00:Q3	00:Q4	01:Q1	01:Q2
New housing								
Building permits, units, thousands	162.9	169.3	153.6	144.9	159.7	150.0	167.1	..
%	3.6	3.9	-9.3	-5.6	10.2	-6.1	11.4	..
Housing starts, total, thousands	147.0	156.4	160.5	141.8	156.6	154.2	163.0	163.4
%	-1.1	6.4	2.6	-11.7	10.4	-1.5	5.7	0.2
Housing starts, singles, thousands	93.3	95.8	100.4	89.8	92.1	91.5	98.3	91.9
%	2.0	2.7	4.8	-10.6	2.6	-0.7	7.4	-6.5
Housing starts, multiples, thousands	53.7	60.6	60.1	52.0	64.5	62.7	64.7	71.5
%	-6.1	12.8	-0.8	-13.5	24.0	-2.8	3.2	10.5
Housing completions, total, thousands	139.2	147.3	149.2	145.7	149.4	140.0	148.0	150.8
%	5.4	5.8	1.2	-2.3	2.6	-6.3	5.8	1.8
New house price index, 1992=100	101.1	101.8	102.2	102.9	103.5	104.2	104.9	..
%	0.5	0.6	0.5	0.6	0.6	0.6	0.7	..
Existing housing								
MLS resales, units, thousands	344.2	326.7	338.6	328.7	332.3	333.2	352.1	..
%	-1.9	-5.1	3.6	-2.9	1.1	0.3	5.7	..
MLS average resale price, $C thousands	159.7	160.6	161.4	163.0	164.9	167.3	165.7	..
%	0.9	0.6	0.5	0.9	1.2	1.4	-1.0	..
Mortgage market								
Mortgages outstanding, $C billions	411.9	415.4	421.3	426.3	430.0	433.8	439.3	..
%	1.4	0.9	1.4	1.2	0.9	0.9	1.3	..
Mortgage approvals, $C billions	78.0	68.2	68.7	73.0	76.7	78.0	..	..
%	-9.3	-12.6	0.8	6.2	5.1	1.7	..	..
1-year mortgage rate, per cent*	6.97	7.35	7.63	8.03	7.90	7.83	7.10	6.73
5-year mortgage rate, per cent*	7.75	8.25	8.48	8.52	8.25	8.15	7.58	7.67
Residential investment**								
Total, $1997 billions	44.6	45.7	45.9	44.7	45.8	46.2	46.9	..
%	1.4	2.5	0.4	-2.6	2.4	1.0	1.4	..
New, $1997 billions	22.4	23.5	23.4	22.4	22.8	22.9	23.8	..
%	2.9	4.8	-0.6	-4.1	1.5	0.5	3.8	..
Alterations, $1997 billions	14.8	15.3	15.5	15.5	15.9	16.4	16.0	..
%	2.6	3.4	1.3	0.0	3.1	2.6	-2.0	..
Transfer costs, $1997 billions	7.4	6.9	7.0	6.8	7.1	7.0	7.1	..
%	-5.4	-6.2	1.9	-3.2	3.6	-0.8	1.0	..
Deflator, 1997=100	103.9	104.2	106.1	106.3	105.5	106.4	107.8	..
%	-7.2	0.2	1.9	0.2	-0.8	0.9	1.3	..

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
.. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.