

HOUSING MARKET OUTLOOK

Canada Edition

Canada Mortgage and Housing Corporation

Date Released: First Quarter 2008

Housing starts to land softly in 2008

Overview

Housing starts:**2008:** 211,700**2009:** 204,700**Resales:****2008:** 499,650**2009:** 488,300

Housing starts: Housing starts were brisk in 2007 at 228,343 units, up slightly from 2006. Starts are expected to fall during 2008 about to 212,000 units and to 204,000 in 2009.

Resales: Existing home sales through the Multiple Listing Service® (MLS®) should establish a new record of almost 520,000* sales for 2007. In comparison, the previous record was set in 2005 at just over 483,300 sales. MLS® sales will move lower to just under 500,000 units in 2008 and 488,000 in 2009.

Resale prices: Growth in the average MLS® house price will remain strong at 10.6 per cent for 2007. As resale markets become more balanced, price growth should moderate to approximately 5.2

per cent in 2008 and 3.8 per cent in 2009.

Provincial Spotlight

Saskatchewan: During 2007, the Saskatchewan economy was quite buoyant, thanks to a strong natural resource sector, high labour force participation and an improved migration picture. Saskatchewan has become an alternative to Alberta for economic prosperity and less expensive housing. Housing starts jumped from 3,715 units in 2006 to about 6,000 units in 2007, a 61.7 per cent gain, making 2007 the best performance in over 20 years. Modest declines in new home construction to 5,600 units is expected in 2008. The average MLS® price in Saskatchewan should rise by 31.7 per cent in 2007, 26.4 per cent in 2008 and 8.2 per cent in 2009.

Quebec: Robust economic growth, job creation and disposable income gains contributed to the strong activity in Quebec's new housing market during 2007. Housing starts grew by 1.4 per cent to 48,553 units during 2007 but will decrease to about 46,500 units in 2008. The average MLS® price in Quebec rose by 6.6 per cent during 2007 and is expected to grow by 3.8 per cent in 2008.

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*All 2007 MLS® figures are estimates as at the time of the forecast. Final figures have since been released by the Canadian Real Estate Association.

National Housing Outlook

In Detail

New home construction in 2007 and 2008 can be described as buoyant by historical standards. For 2007, housing starts in Canada were up 0.4 per cent to 228,343 units over 2006's 227,395. Seven out of the ten provinces saw housing starts move higher in 2007. Saskatchewan led the way with a 61.7 per cent increase. Housing starts were also up in PEI, Manitoba, Quebec, New Brunswick, B.C., and Newfoundland and Labrador. However, for 2008 only Ontario, Newfoundland and Labrador and Manitoba are forecast to have increases in starts. Residential construction will begin to trend down in 2008 to 211,700 units, a 7.3 per cent decline from 2007. Despite the fall, 2008 will be the seventh consecutive year in which housing starts exceed the 200,000 unit threshold. For 2009, 204,700 units are forecast to be built.

Continuing high employment levels and rising incomes will provide a solid foundation for strong housing markets. Despite this, several factors will cause construction activity to ease. Most, if not all, of the pent-up demand that built up during the 1990s has now been fulfilled and residential construction activity will gradually move in line with Canadian demographic fundamentals. In addition, higher mortgage carrying costs due to price growth will temper housing demand, particularly among first-time buyers who are more sensitive to the widening gap between the cost of renting and home ownership. Moreover, competition from the existing home market,

particularly in the central and eastern provinces where housing markets are more balanced, will give homebuyers more choices. This, in turn, will dampen spillover demand from the existing market into the new home market.

Lower demand for new homes is already being felt in the majority of central and eastern Canada. Accordingly, the demand for new homes has slowed in Ontario and Atlantic provinces, excluding Newfoundland and Labrador, which will translate into a decline in housing starts heading into 2008. Out west, housing starts in Saskatchewan and Manitoba experienced strong growth in 2007, while the increased cost of homes in Alberta and British Columbia had a dampening effect in those provinces. For 2008, only Manitoba will see an increase in starts, of about 1.1 per cent. The same holds true for 2009, with Manitoba at 1.7 per cent growth and the rest of Canada's western provinces negative.

Single detached starts to trend lower in 2008

Single detached starts peaked at 129,171 units in 2004, their highest level since 1987. In 2007, single starts were notably lower at about 119,000 units. The strongest declines in single starts were in Alberta and British Columbia. Single detached construction activity is forecast to fall 10.6 per cent to about 106,300 units in 2008, and then an additional 4.9 per cent fall to 101,100 units in 2009.

Starts of single-detached homes will rise in just two out of ten provinces across Canada in 2008; starts in Manitoba are forecast to grow by 3.7 per cent while in Newfoundland by 0.7 per cent. The largest decrease

will be in Alberta, where single-detached starts will fall by an estimated 17.3 per cent. Following Alberta is British Columbia's decrease at 14.5 per cent. Heading into 2009, the downward trend will continue, with only Newfoundland and Manitoba pushing out gains of 2.3 and 2.5 per cent respectively.

Multi-family starts will begin to slow in 2008

Starts of multiple family homes increased during 2007 by 3.2 per cent to 109,426 units. This segment is forecast to slow during 2008 and 2009 where growth will be negative both years at -3.7 and -1.7 per cent respectively (105,400 units for 2008 and 103,600 for 2009).

The slower decline in multiple starts, when compared to single starts, reflects a continuing shift in demand toward less expensive homes. This is especially true in Western Canada, where rising house prices have pushed overall mortgage carrying costs higher. In fact, British Columbia and the Prairies, where growth in house prices has been the strongest, saw an increase in multi-family housing starts in 2007. Conversely, Ontario and the Atlantic region experienced a decrease in multi-family starts as growth in house prices moderated during 2007.

Apartment starts, which account for two-thirds of total multi-family starts, moved up by 1.3 per cent in 2007. They are expected to decrease by 2.4 per cent for 2008 and then rebound by 1.1 per cent for 2009. Starts of rowhouses grew by 11.1 per cent during 2007 and are forecast to fall by 7.6 per cent in 2008 and 4.6 per cent for 2009. Starts of semi-detached houses grew by 0.5 per cent during

2007, but will fall by 3.9 per cent during 2008 and 11.2 per cent during 2009.

MLS®¹ sales set to establish a new record for 2007

Existing home sales as measured by the Multiple Listing service (MLS®), are expected to increase during 2007 by 7.6 per cent to approximately 519,722 units, surpassing the previous record level of 483,344 set in 2005. In 2008, MLS® sales are expected to decrease by 3.9 per cent to 499,650 units reflecting moderating demand due to rising mortgage carrying costs.

Despite this forecasted decline, MLS® sales in 2008 will be at their second highest level on record. During 2009, continuing moderation is expected with growth falling by 2.3 per cent to 488,300 units.

House price gains will remain strong in 2008

The average MLS® house price is expected to grow by 10.6 per cent for 2007, to about \$306,000 as strong sales in Western Canada continue to put pressure on prices. In 2008, existing home markets will become more balanced and price pressures will begin to ease. The average MLS® price will increase by 5.2 per cent to about \$322,000 in 2008. Looking ahead to 2009, the average MLS® price is forecast to increase by 3.8 per cent to approximately \$335,000.

Trends Impacting Housing

The Economy

The Canadian economy slowed during the third quarter of 2007. Annualized growth in real gross domestic product (GDP) was 2.9 per cent, down from 3.8 per cent in the second quarter and 3.5 per cent in the first quarter. The strong Canadian dollar was a key factor that slowed GDP growth in the third quarter. The high dollar made imported goods less expensive, while making Canadian exports less competitive. As a result, net exports were a significant drag on the economy. Growth, however, is still much higher than the 1.5 per cent in the fourth quarter of 2006. Overall economic growth for 2007 is expected to be 2.6 per cent, with 2008 coming in at 2.4 per cent.

The consumer side of the economy continues to grow, albeit at a slower pace. Personal expenditures were up an annualized 3.0 per cent during the third quarter of 2007, compared to 5.9 per cent in the second quarter and 3.4 per cent in the first. Despite the fall-off, the consumer is still expected to bolster the economy into 2008. Interest rates still remain relatively low and should not put a significant drag on consumer spending.

The continuing challenge for the Canadian economy is the deterioration in net exports and manufacturing jobs, which have decreased by nearly 100,000 positions during 2007. A soft U.S. economy may mean further interest rate reductions for Canada's largest trading partner, but it is unclear how aggressive the U.S. Fed will be in

combating the lingering issues in the U.S. sub-prime housing market and whether further interest rate reductions will occur.

Output of goods-producing industries fell by an annualized 0.35 per cent during the third quarter of 2007. The manufacturing segment fell by an annualized 2.8 per cent. Meanwhile, output of services-producing industries grew by an annualized 3.8 per cent during the third quarter. Wholesale trade, finance, construction, mining, accommodation and food services contributed to the increase.

On the whole, it is anticipated that domestic demand will remain the engine of Canada's economic expansion for 2008 and beyond. Consumer spending should stay vibrant thanks to high employment, income gains and low interest rates. On the downside, soft net exports and global insecurity pertaining to the sub-prime meltdown could be a larger issue for economic growth.

It is expected that inflationary pressures will remain stable within the Canadian economy. Inflation was up 2.4 per cent in 2007. For 2008 inflation is forecast to be 2.3 per cent. Canada's core inflation rate for 2007 increased just 1.7 per cent.

Mortgage Rates

Mortgage rates increased by about 100 basis points between the start and the end of 2007. The sub-prime mortgage loan crisis in the U.S. has continued to rock financial markets resulting in liquidity issues which have increased the costs of funding mortgages. Equity and financial markets have experienced additional

¹ Multiple Listing Service (MLS) is a registered certification mark owned by the Canadian Real Estate Association

upheaval as many analysts and investors speculate on the possibility of the U.S. slipping into a recession. The ensuing flight to quality in financial markets has resulted in lower yields on government bonds, but has not had a large impact on posted mortgage rates.

The potential drag on Canadian GDP growth due to a potential U.S. economic slowdown, coupled with the tightening of Canadian credit conditions, and the high value of the Canadian dollar will cause minor fluctuations in mortgage rates through 2008. Mortgage rates are expected to remain within 25-75 basis points of their current levels in 2008 and then stabilize throughout 2009. The one year posted mortgage rate is forecast to be in the 6.75-7.50 per cent range, while three and five year posted mortgage rates are forecast to be in the 7.00-7.75 per cent range in 2008.

Migration

Net migration (immigration minus emigration) was up by about 5.4 per cent to under 228,000 people during 2007. In 2008, net migration is expected to increase to approximately 235,000 migrants. These levels will continue to support Canada's housing demand. For the most part, newly arrived immigrants initially settle in rental accommodations, and, over time, an increasing share will move into home ownership. Net inter-provincial migration to Alberta, British Columbia and Saskatchewan will continue to support demand for both rental and ownership housing in these provinces in 2008.

Employment and Income

For 2007, employment grew at a healthy pace of approximately 2.3 per

cent. On a comparative basis, 2006 experienced 1.9 per cent growth with most of the new jobs created as full time positions. A record share of Canadians were employed during 2007, which helped the unemployment rate to move below 6 per cent some months.

The Canadian economy is at or near full employment. Accordingly, the pace of employment growth is expected to slow during 2008 to a pace that is more in line with that of the general population. Employment is forecast to grow by 1.5 per cent and the unemployment rate is likely to remain in the low 6 per cent range for 2008. While these are positive developments in Canada's labour markets, current economic conditions do pose some risks. In particular, Canada's manufacturing sector is presently experiencing some weakness due in large part to a strong Canadian dollar. Accordingly, this sector will have some uncertainty with respect to employment and income as 2008 progresses forward.

Despite this caveat, Canada continues to experience tight labour market conditions, which has had led to strong growth in average weekly earnings, especially in western Canada. Overall, more moderate income and employment growth will limit the expected decline in demand for new and existing homes this year.

TRENDS AT A GLANCE

Key Factors and their Effects on Residential Construction

Factor	Comment
Mortgage Rates	Mortgage rates have moved slightly higher over the past year. This rise, in conjunction with higher house prices, has and will continue to push mortgage carrying costs higher. As a result, this will ease housing demand, particularly for first-time buyers.
Employment	A record share of Canadians continue to be employed, moving the economy close to full-employment. Accordingly, job growth should slow to rates that are more in line with overall population growth. Job creation will continue to stimulate housing demand, but not as much as in the previous years.
Income	Rising incomes will continue because of tight labour markets and a strong demand for workers. This should partially offset the negative impact of higher mortgage carrying costs on home ownership demand.
Net Migration	Net migration is expected to remain strong in 2008. Ontario, Quebec, and British Columbia will continue to attract the bulk of the international immigrants. B.C., Alberta and Saskatchewan will attract a large number of inter-provincial migrants from the rest of Canada.
Natural Population Increase	Canada's population is aging, and as a result, a smaller proportion of people are in their child bearing years and thus the birth rate is decreasing. High immigration levels will slow the average aging of the population, however, the rate of increase in the natural population (births - deaths) is slowing. This will eventually lessen the demand for additional housing stock in the longer term.
Consumer Confidence	Consumer confidence, as measured by the Conference Board of Canada, remains positive. Furthermore, strong consumer sentiment is expected to prevail throughout the forecast period. Confident consumers will continue to support demand for home ownership.
Resale Market	Lower existing home sales, combined with a high level of new listings in 2008, will move the resale market towards more balanced territory. As a result, the rate of growth in the average MLS® price will moderate during 2008, especially in Canada's western provinces.
Vacancy Rates	Modest rental construction and increased competition from the condo market will be offset by strong rental demand due to high immigration and a rising gap between the cost of homeownership and renting. As a result, vacancy rates across Canada's metropolitan centres should remain relatively stable, but slightly higher in 2008.

Special Report: Rental Market Outlook 2008

The rental apartment vacancy rate in Canada's 34 major centres remained stable at 2.6 per cent in October 2007. For the year to come, demand for rental housing will remain strong, but high condo completions and modest construction of new rental units will boost supply and push the vacancy rate up slightly. As a result, the vacancy rate is expected to rise and reach 2.8 per cent in 2008.

The vacancy rate across the major centres in Canada was unchanged at 2.6 per cent in 2007. Over the last year, demand remained relatively strong given a solid employment growth, particularly for the younger age groups. Overall net migration was high last year which fuelled demand for rental housing. However, construction of new condo and rental units helped keep the vacancy rate stable.

For next year, the expected slowdown in employment will moderate the demand for rental units. Moreover, the increasing number of condominium units offered for rent on the secondary market will put upward pressure on vacancy rates. The average vacancy rate for Canada's 34 metropolitan areas is forecast to rise to 2.8 per cent next year. However, the direction and magnitude of the change in vacancy rates will vary from centre to centre. The outlook for vacancy rates for some key rental markets across Canada is summarized below.

British Columbia Rental Market Outlook:

Vancouver

Job opportunities, people moving to the city and the high cost of home ownership will fuel rental demand in the Vancouver CMA. Apartment owners can expect to secure higher rents next year. Vancouver's average vacancy rate will ease, moving up to one per cent in 2008 from 0.7 per cent in 2007.

On the supply side, the purpose-built rental stock will edge lower even though municipalities will work to preserve the

existing rental universe. Few new purpose-built rental projects are anticipated in 2008. New rental accommodation will come mostly from the secondary rental market, where an estimated 2,500 private apartment condominiums and 200 accessory suites are expected to come on stream. Adding to supply, newly completed condominiums will enable some first-time home buyers to vacate rental units.

Victoria

Demand and supply factors will keep the rental market tight in Victoria. The low unemployment rate has made it difficult for employers to fill jobs and this will slow employment growth to 1.9 per cent next year. Employment opportunities will keep in-migration high, albeit at slightly lower levels than in 2007. The strong demand for rental housing will push average rents higher in Victoria.

Supply factors will nudge Victoria's average vacancy rate up to 0.7 per cent in 2008, from 0.5 per cent in 2007. More rental units will become available as first-time home buyers move into newly completed condominiums. An increase in the number of secondary rental homes, such as condominium rentals, accessory suites and shared accommodations will add to supply. Few privately-initiated rental housing projects will be built as high land, labour and construction costs reduce the viability of new rental projects.

Prairie Region Rental Market Outlook:

Calgary

The demand for rental accommodation remains strong in the Calgary CMA but a drop in net migration has begun to ease demand pressure in the rental market. Net migration is projected to have moderated in 2007 from 2006, and a lower level of net migration is forecasted for 2008. Improved job markets in other provinces and the rapid escalation of housing costs relative to other parts of the country will contribute to the lower levels of net migration to Calgary. Vacancy rates in the Calgary CMA bottomed out in 2006 at the record low level of 0.5 per cent and rose to 1.5 per cent in 2007. With lower net migration, rental demand is projected to moderate in 2008 and the average vacancy rate is forecast to rise to 2.0 per cent. Higher homeownership costs will keep some tenants in the rental market but lower migration flows are the primary risk to the 2008 vacancy rate forecast.

After two consecutive years of double-digit increases in the same sample rent of existing structures, rents are unlikely to rise as rapidly in 2008.

Edmonton

Apartment vacancies across the Edmonton CMA have inched upward in 2007 due to some moderation from 2006's strong in-migration which has slowed household formation. Rapidly accelerating rents have encouraged some renter households to double up in 2007 and also prevented some new

renter households from forming due to affordability constraints. However, demand for rental units will remain strong due to robust employment and income growth and the escalating cost of home ownership. With rental completions remaining low in 2008, the vacancy rate is forecast to remain at 1.5 per cent.

Improvements in supply will come from new and existing condominiums purchased by investors who rent them out. This will provide some added competition for owners of purpose-built rental apartments. Accordingly, increases in vacancies will show up in CMHC's condominium rental survey next October. Strong demand for rental housing and a continued relatively tight supply will keep rents rising in 2008.

Saskatoon

The rental market is benefiting from a strong job market and in-migration. However, the rental demand stemming from this growth will soften somewhat as the economy cools in 2008. As a result, CMHC expects the vacancy rate to increase from 0.6 per cent in 2007 to one per cent in 2008. Employment and earning gains will continue but at a more modest pace, reducing the flow of rental households seeking jobs and services in the city.

Winnipeg

The Winnipeg CMA can expect its vacancy rate to remain low by historical standards through 2008. While there was a slight uptick in the vacancy rate to 1.5 per cent in 2007, 2008 will see further downward pressure with the vacancy rate to 1.2 per cent. Demand for rental accommodations will continue to be robust due to strong net migration, resale listings shortages, and a further decline in the rental market universe.

Each year the Residential Tenancies Branch sets a rent increase guideline

which applies to the majority of Winnipeg's rental stock. In 2008, beginning January 1, the new guideline will be a two per cent increase per year. However, with operating and maintenance costs on the rise, the Residential Tenancies Branch will continue to receive applications from landlords to increase rents at a rate above the guideline to cover these higher costs. Accordingly, rents will likely increase at a rate slightly greater than the two per cent guideline, with same-sample two-bedroom rents expected to increase by four to five per cent.

Ontario Rental Market Outlook:

Toronto

Demand for rental housing in 2008 will remain on par with what was experienced in 2007. The overall Toronto apartment vacancy rate will be 3.5 per cent in 2008, while the average two-bedroom rent will increase by 1.5 per cent.

The movement to home ownership will continue to be a drag on the rental market, but in a different fashion. While both existing and new home sales are forecast to edge slightly lower next year, first-time buyers will continue to vacate rental accommodation in favour of home ownership. This movement, however, will be based on a strong increase in condominium apartment completions in 2008. More than double the number of condominium apartment completions experienced in 2007 will occur this year. In addition, investor-held condominium apartments in the secondary rental market will attract some renter households out of the primary rental market, due to a higher level of finishings and amenities.

At present there are a number of factors that will continue to influence

the overall demand for rental units, these include the following:

1. Growth in youth employment will continue due to tight labour market conditions;
2. Immigration will continue to trend upward; and
3. Rental affordability will continue to improve as household earnings outstrip growth in average rents.

Windsor

The vacancy rate in the Windsor CMA for private apartments with three or more units will move slightly lower to 11 per cent in the fall of 2008 but will remain well above historical averages. Windsor's vacancy rate will remain high in 2008 despite a slightly improving employment picture and the construction of some major non-residential developments. A high Canadian dollar, slower US economic growth and restructuring efforts in the auto sector will continue to weigh on Windsor's economy and housing market.

Ottawa

Most of the drivers of the rental market in Ottawa will continue to exert downward pressure on vacancy rates in 2008. The vacancy rate will move lower in 2008 to 2.1 per cent. Rents will increase by 2.0 per cent, which is a slightly slower rate than in 2007.

Given limited construction of purpose-built rental apartments and town homes, the rental housing stock will not rise noticeably. However as condo completions continue into 2008, there will be additional condo rentals competing with the purpose-built rental universe. This small increase in supply will be offset by a slightly larger increase in demand. Relatively higher mortgage rates compared to the previous three years will dampen the movement out of rental into homeownership. In addition,

net migration is expected to improve going forward and will become positive as the outflow of Ottawa residents moving to other provinces begins to subside. Furthermore, the service sector is increasing as a share of economic activity. Given that most young adults are employed in the service sector and that they typically rent, this bodes well for rental demand.

Quebec Rental Market Outlook:

Montréal

Even though rental housing construction will slow in 2008, the vacancy rate will continue to increase in the Montréal area. With the strong growth in starts registered in 2007, more rental units will be completed and arrive on the market in 2008 than in 2007. However, demand for rental housing will not be sufficiently strong to offset the new units that will arrive on the market and the dwellings that will be vacated by households having accessed home ownership. Consequently, the percentage of unoccupied units will keep rising and should reach 3.3 per cent in 2008.

Québec City

The celebrations for the 400th anniversary of Québec in 2008 will put additional pressure on the labour market in the area, as more seasonal workers will have to be hired than in the past. And, with the regional economy already at full employment, it is expected that the area's solid economic performance will continue in 2008. However, most of the jobs created in 2008 will be part-time. Strong positive migration should also continue and will support demand for rental housing,

As for supply, the rate at which rental housing units are added to the market

is expected to slow somewhat over the coming year.

In sum, demand will stay strong next year, but we should see a slight slowdown. As well, the pace at which young households will access home ownership will be another factor that will influence the magnitude of any rise or fall in demand. It is therefore expected that the market will remain tight and that the vacancy rate will be between 1.0 per cent and 1.5 per cent in October 2008.

Atlantic Region Rental Market Outlook:

Halifax

The Halifax rental market will continue to benefit from strong demand over the next year and a half. High levels of rental unit completions and competition from home ownership will exert upward pressure on vacancy rates and downward pressure on average rents. Rising rental demand will mostly keep up with increasing levels of supply and keep vacancy rate increases to a minimum. Rising costs will contribute to rent increases near the rate of inflation (for the fixed sample rents) while rising costs coupled with more new product on the market will contribute to overall average rent increases (for average rents inclusive of new structures).

Metro Halifax has seen very high levels of rental construction in the past few years. 2006's 892 rental unit starts was almost a record. The 750 starts in 2007 will mean rising supply over the next two years.

New structures will compete for existing tenants, but competition also is arising from home ownership. The combined effect of supply and demand will be an increase in vacancy rates from 3.1 per cent in 2007 to 3.5 per cent in 2008 and the overall average

rent for a two-bedroom apartment will rise by approximately the rate of inflation.

St. John's

Over the previous three years, the St. John's CMA vacancy rate increased approximately three percentage points, or an average increase of 1.0 percentage point per year. Much of the increase was attributed to record home buying activity and the corresponding movement of renter households to home ownership. However, this year's sizeable decline in the vacancy rate is a clear indication that many renter households now deem it more affordable to remain renters rather than buy a home. Although both the resale and new home markets are expected to remain strong next year, the impact of first-time buyers shifting out of rental will be less pronounced than in prior years. The combined effect of these factors should result in the vacancy rate holding steady at the current level of 2.6 per cent in 2008. However, there is certainly upside risk to the economic forecast and a corresponding decline in the vacancy rate due to an increase in construction activity from Hebron, the Long Harbour Smelter, the Southern Head Placentia Bay refinery and Lower Churchill development.

British Columbia

Overview

Residential construction above average

Housing starts will be above average, but decline slightly in 2008 and 2009 as economic and job growth slow. Single-detached home starts will move lower to levels very near their 10-year average. High land, labour and material costs will result in even higher home prices and an above average share of multiple-unit projects.

Tight labour markets will also keep wages and incomes rising, as well as people moving to the province. B.C.'s natural beauty, mild climate and abundant recreational opportunities will cause retirees from other parts of Canada to gravitate to Vancouver Island and interior communities. The increase in population will fuel demand for both home ownership and rental accommodation. Consumer confidence, while down slightly, is relatively positive, boosted by past strong job growth and the increased buying power of the high Canadian dollar. New jobs added in 2007 will drive housing demand through 2008.

Consumer spending and investment will be the key drivers of economic growth. Infrastructure investments, including the new rapid transit line connecting downtown Vancouver and the international airport, and improvements on the Sea-to-Sky highway between

Whistler, Squamish and Vancouver, will open up areas for residential investment.

Expect slightly slower growth in the B.C. economy and employment to lessen housing demand. Financial market volatility and uncertainty stemming from the U.S. housing slowdown are clouding the economic outlook for British Columbia. A strong Canadian dollar and low level of new home construction south of the border will have a negative impact on the province's exports, particularly softwood lumber and tourism.

The negative demand effects of growing mortgage carrying costs will be offset somewhat by those homebuyers opting for longer amortization periods. Existing home sales through the Multiple Listings Service (MLS®) will edge down slightly, as first-time buyers and buyers with small down payments play a diminishing role in the market. Price growth will slow as increased listings and fewer resales bring supply and demand for existing homes into balance.

In Detail

Single Starts: Single-detached home starts will move lower to average just over 12,000 units annually in each of the 2008 and 2009. While detached homes are popular, shifting consumer preferences for features including less home maintenance, access to amenities, proximity to urban centres, as well as relatively lower prices of denser

housing forms, will draw homebuyers to multiple-unit homes.

Multiple Starts: Multiple-family starts will decline slightly in 2008 and 2009 after reaching a 13-year peak in 2007. Apartment condominium starts will continue to dominate this category with very few rental starts projected, despite low rental vacancy rates.

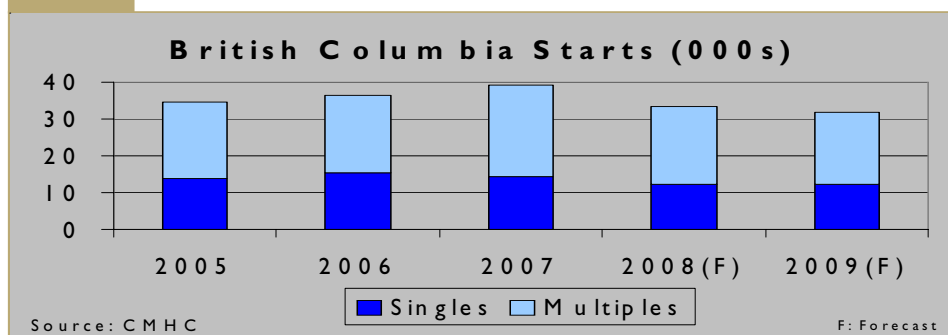
Resales: Existing home sales will edge lower in 2008 as buyers face higher mortgage rates. Homebuyers will see more choice in existing home markets as listings rise, keeping resales above their average level.

Prices: While home prices will grow more slowly, the average MLS® price will outpace the general rate of inflation. Increased home listings and fewer resales will bring supply and demand for existing homes into balance. High home prices in the Vancouver CMA will result in some people selling their homes and relocating to other, less expensive, areas of the province.

Provincial Highlight

The rental vacancy rate in British Columbia declined to 1.0 per cent in October 2007 compared to 1.2 per cent one-year prior. Twelve of the province's 27 urban centres (populations exceeding 10,000 people) recorded apartment rental vacancy rates at or below one per cent in October 2007. Strong population growth, an increasing gap between the cost of homeownership and rent are pushing the vacancy rate lower and rents higher. The average two-bedroom apartment rent increased 5.5 per cent in structures that were surveyed in October 2006 and October 2007. The average two-bedroom rent was \$922 in British Columbia compared to \$772 in Canada.

Figure 1



Alberta

Overview

Drilling slowdown tempers economic growth

Weakness in the drilling sector is threatening Alberta's status as the nation's economic growth leader. Led by lower natural gas prices, the province has witnessed a nearly 30 per cent reduction in gas wells drilled in 2007. Industry insiders forecast another 25 per cent cut in drilling in 2008, blaming the decline on prices, escalating costs, and the province's new royalty rates that take effect in 2009.

Notwithstanding the weakness in drilling, capital investment should ensure that the provincial economy will expand at a healthy pace. Alberta's inventory of major projects stands at \$228 billion, up 56 per cent over previous year levels. Over 74 per cent of this is related to oil and gas.

While oil sands activity will remain elevated, commercial and office construction will begin to cool by 2009 in the face of higher vacancies. Retail sales growth and the level of housing starts will also moderate, due in part to a slowdown in population and employment growth. Under these conditions, Alberta's economy will expand by 3.2 per cent in 2008 and 3.0 per cent in 2009, which will still outperform the national average for the seventh consecutive year.

Following a 4.7 per cent jump in 2007, employment growth will moderate to 2.0 per cent in 2008 and 1.7 per cent in 2009. While some of the decline can be attributed to a slower pace of economic

growth, it will also be due to persistent labour shortages exacerbated by weaker net migration. Though the unemployment rate will average 3.5 per cent over the forecast period, it will not be sufficient to yield improved migration. Alberta is enjoying a rapid rise in international migrants, but these gains are being offset by a sharp decline in migrants from other provinces. This is in response to Alberta's escalation in housing costs and improved economic conditions elsewhere. Accordingly, net migration will slip to 42,000 in 2008 and 38,500 in 2009, considerably lower than the 2006 peak of 81,480.

In Detail

Single Starts: Following a 12 per cent decline in 2007, single-detached starts are expected to drop another 17 per cent this year. A growing number of complete and unabsorbed units combined with strong competition from the resale market will lead construction lower. Recent cost escalation, declining net migration, and weaker employment growth will also erode demand. Similar conditions are expected in 2009. Expect starts to slip two per cent in 2009, reaching 22,750 units.

Multiple Starts: After reaching a 26-year high in 2007, multi-family starts will decline 20 per cent in 2008 and eight per cent in 2009. The significant price advantage over single-detached units will ensure construction remains elevated, though increasing inventories, strong resale competition, and rising costs will push starts downward. Multi-family starts are expected to average more than 15,000 units over the forecast period.

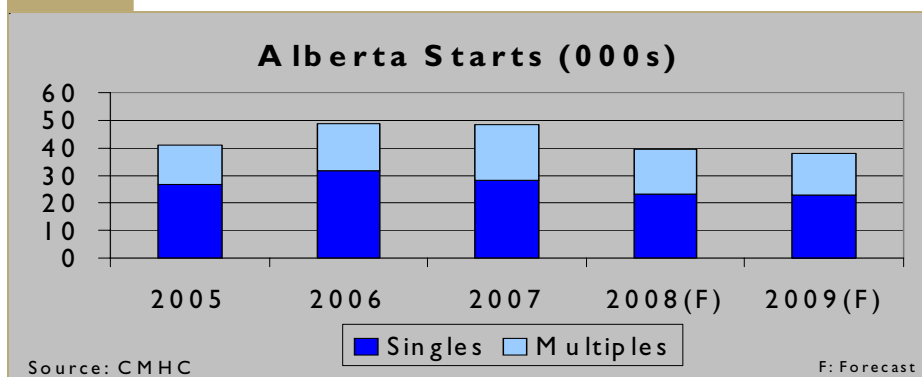
Resales: A series of six consecutive records came to an end in Alberta last year. Despite a solid start to 2007, annual transactions fell 3.2 per cent to 72,000 units. The recent price escalation has taken its toll on demand during the second half of year, contributing to an escalation in inventories and month-over-month price reductions. Under these conditions, declines will be more evident in 2008 with sales falling six per cent. However, recent price reductions and a multitude of listings will provide opportunities for buyers. Accordingly, residential sales should stabilize in 2009, totalling 66,000 units.

Prices: Despite a 24 per cent increase in 2007, Alberta lost its status as Canada's resale price growth leader. Most of 2007's gain occurred in the first six months of the year when the market experienced listings shortages and a record pace of demand. The second half was met with reluctant buyers and a sharp rebound in supply, halting the pace of price growth. In such an environment, resale price growth will slow to only four per cent in 2008, the weakest gain in 12 years. With a return to more balanced conditions in 2009, price growth will strengthen to 5.4 per cent, reaching an average of \$389,000.

Provincial Highlight

The rapid escalation in house prices combined with recent records for housing starts and sales have resulted in a large increase in outstanding residential mortgage debt. From 2003 to 2005, mortgage debt in Alberta was increasing at an annualized rate of \$3.2 billion. The most recent data indicates that the annual gain in outstanding mortgage debt has climbed by more than \$1.1 billion, reaching a total of \$59.4 billion. Looking forward, lower demand for new and existing homes in Alberta will cause price growth to moderate substantially. As a result, residential mortgage debt will stabilize.

Figure 2



Saskatchewan

Overview

An economic growth leader

The Saskatchewan economy has recovered strongly from the weak pace in 2006, thanks largely to a burgeoning natural resource sector and domestic economy. Potash and oil output are soaring, thanks to elevated prices and expanded production capacity. Record prices have also propelled the uranium sector, despite problems at a major mine cutting overall production. Retail sales have posted the strongest gains on record, boosted by a rapid turnaround in net migration and a recent cut in the PST. A 62 per cent surge in housing starts also fuelled the 2007 economic expansion.

Following an impressive 4.3 per cent surge, the economy will advance more slowly over the next two years. The mining sector, housing markets and consumption growth are all expected to cool, leading to real GDP growth of 3.4 per cent in 2008 and 3.0 per cent in 2009. New investments should lead to higher production of oil, potash, and uranium. However, the major gains for potash and uranium are not expected until beyond the forecast period when new mine expansions start production. With prices for most commodities also past their 2007 peak, the resource sector is expected to soften.

Personal consumption will expand at a less rapid rate through 2009, due largely

to a reallocation of income toward higher housing costs and weaker population gains. In 2007, net migration experienced a remarkable turnaround, led by the hot economy and multitude of job opportunities. Saskatchewan's relatively low-cost housing also proved advantageous, attracting migrants back from Alberta where home prices have recently escalated. These conditions pushed net migration to a record high of 14,325 people in 2007. However, with Saskatchewan now leading house price growth across the nation, the relative housing affordability the province once enjoyed will no longer serve as a magnet for migrants. Accordingly, net migration will be cut to 10,200 in 2008 and 8,200 in 2009, still elevated by historical standards.

Limited by weaker migration, employment growth will slip below the 2.1 per cent expansion of 2007, reaching 2.0 per cent in 2008 and 1.6 per cent in 2009. Most job growth will be full-time.

In Detail

Single Starts: In 2007, single-detached construction surged nearly 50 per cent to 4,017 units, the highest number of starts in 24 years. Although reduced volumes are expected in 2008 and 2009, single-detached starts will eclipse the preceding 10-year average by an impressive margin. Rapid price escalation, skilled labour shortages, and escalating resale inventories will have a dampening effect on production compared to 2007.

Multiple Starts: Multi-family housing starts nearly doubled in 2007, reaching the highest annual total since 1985. Expect multiple starts to slip approximately 15 per cent in 2008 and a further six per cent in 2009 as developers concentrate on completing projects currently under construction. Despite this reduction, multiple starts will remain among the highest levels witnessed in the last 30 years.

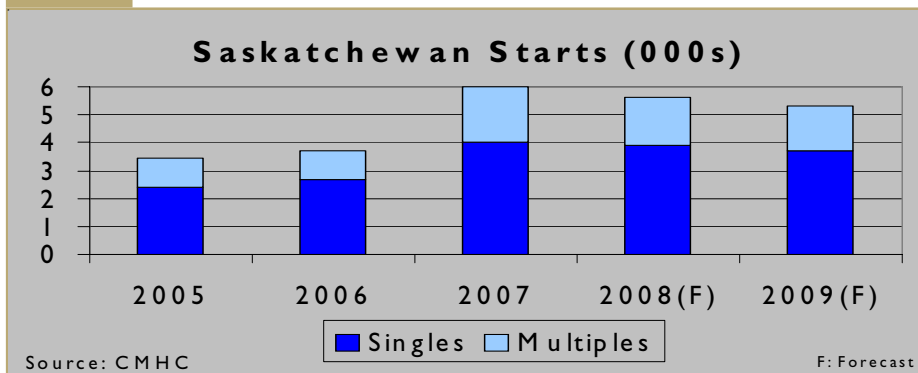
Resales: A record low level of active listings could not prevent sales from reaching 12,000 units in 2007, the highest number of transactions ever recorded. Sales will continue their upswing in the first half of 2008, resulting in a modest increase to 12,200 units annually. The rapid surge in prices and weaker speculative investment will reduce demand to 11,600 units for 2009.

Prices: In 2007, Saskatchewan's average resale price jumped 32 per cent, more than double the highest growth rate ever recorded. A low number of active listings, extraordinary demand, and investment dollars from neighbouring provinces contributed to the furious rate of growth. Progressively higher listings and weaker speculative demand will restrain price growth to 26 per cent in 2008 and eight per cent in 2009.

Provincial Highlight

There is a clear link between the surge in Saskatchewan retail sales and housing demand. In the first nine months of 2007, retail sales were up 12 per cent, double the growth rate experienced one year earlier. This growth has been led by housing-related consumption. Home centres and hardware stores have dominated with a 33 per cent year-over-year increase while furniture stores have seen a 24 per cent gain. Home electronic and appliance stores have reported gains of 20 per cent over corresponding 2006 levels.

Figure 3



Manitoba

Overview

Economic growth fuelled by capital investment and consumption

A stable economy will sustain elevated levels of new home construction in Manitoba. Provincial housing starts will eclipse historical averages during the next two years, reaching 5,800 units in 2008 and 5,900 units in 2009. Including last year's activity, this will represent the best three-year performance for Manitoba builders in over 20 years.

Manitoba's economy is forecast to expand by 2.9 per cent in 2008 and 2.6 per cent in 2009, marking the sixth year in succession the provincial economy grows by 2.5 per cent or more. Capital projects and domestic spending will be key drivers of growth over the forecast horizon. With net migration and job creation among historical highs, retailers will enjoy recurring gains in personal spending. From an investment standpoint, work will continue on Manitoba Hydro's new office tower, the Red River Floodway expansion and the new terminal at the Winnipeg International Airport. The same holds true of the \$1.3 billion Wuskwatim hydroelectric generating station, though the major expenses of the powerhouse and spillway will not occur until later in the forecast period and beyond. In the mining sector, increased nickel production will help boost the economy through 2009, although this effect will moderate as base metal prices decline.

Economic growth will contribute to a further expansion of payrolls. Following a 1.6 per cent surge in 2007, employment is forecast to increase by 1.4 per cent in 2008 and 1.0 per cent next year. Much of these gains will be facilitated by strong net migration in the province, though employment will still expand at the same rate as the labour force. Accordingly, the unemployment rate will be maintained at near historical lows, averaging 4.3 per cent over the forecast period and will bolster consumer confidence.

The low unemployment rate relative to other provinces is also resulting in fewer people leaving Manitoba in search of work. Despite losses through the first three quarters of 2007, interprovincial migration posted the best nine-month performance in three years. Combined with a growing contribution from international sources, net migration is reaching record highs. Total net migration is expected to average 8,675 people in 2008 and 2009, nearly triple the preceding five-year average.

In Detail

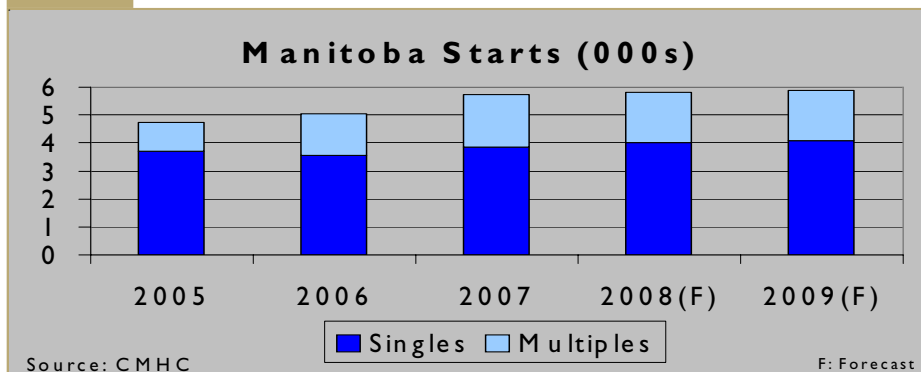
Single Starts: Single-detached starts are forecast to total 4,000 units in 2008 before climbing to 4,100 units in 2009. This will represent a 21-year high for Manitoba home builders. In 2008, the increase in starts will be largely attributable to gains in Winnipeg as additional lot availability in Waverly West will spur higher construction. Strength outside of the city should also persist as demand from recreational users remains high and tight housing market conditions continue.

Multiple Starts: After reaching a 20-year high in 2007, multi-family starts will moderate only slightly to 1,800 units in each of 2008 and 2009. Condominiums will represent the majority of units started. However, rental construction will make up a larger share of starts as builders and landlords respond to low vacancies and the new twenty-year exemption from Manitoba's rent control guidelines for new rental construction.

Resales: Boosted by heightened levels of net migration, existing home sales will set a new high of 14,100 units in 2008. Despite some additional selection in late 2008 and into 2009, the strong growth in listings required to achieve significant sales gains will likely not materialize. In addition, persistent price gains could limit choice for first-time and low equity buyers, resulting in another modest rise in sales next year. At 14,250 units, 2009 will mark the eighth year in succession that a sales record was achieved.

Prices: In 2008, Manitoba's resale market will experience another strong year of price growth, coming just short of the double digit gains that have been the norm for the last five years. Strong demand combined with a shortage of listings will push prices up 9.8 per cent this year, reaching an average of \$185,500. In 2009, an increase in active listings will provide more choice for buyers and weaken the pace of price growth to below six per cent.

Figure 4



Provincial Highlight

CMHC's October 2007 Rental Market Survey revealed tight rental market conditions in Manitoba. While the survey examined urban centres with population of 10,000 and higher, many smaller markets in the southern part of the province are also experiencing low vacancies. Altona, Virden, Winkler, and Steinbach are all coping with tight rental market conditions as the tide of new international migrants has boosted demand for rental housing.

Ontario

Overview

Apartment starts to drive activity

A stable Ontario economic outlook will help sustain a high level of housing demand. New home construction activity will remain above historical averages reaching 69,150 and 67,150 starts in 2008 and 2009 respectively. Meanwhile, Ontario's existing home market will post near record levels of activity. High new detached home prices, more choice in the resale market and residential land constraints will drive activity in the existing home market.

Growth in Ontario's economy will lag behind the Canadian average. Ontario economic growth will drop to 1.8 per cent this year before rising to 2.4 per cent in 2009. Growth will be down from a ten year annual average of 3.5 per cent. Ontario's goods sector, particularly auto assembly, auto parts and forestry, will continue to weigh on growth through the first half of 2008 due largely to slower U.S. economic growth and a high Canadian dollar. While job shedding continues in goods-producing sectors, some displaced workers will be absorbed by a stronger consumer driven service sector. Low interest rates, healthy consumer confidence and rising incomes will support consumer spending, domestic demand and growth across the province.

The economic growth gap between the

west and Central Canada will narrow. This suggests that the net outflow of Ontarians headed west will gradually subside. Still, Ontario's population growth will be largely driven by international migration, Ontario's share of international migration has dropped recently relative to the rest of Canada.

In Detail

Single Starts: Single starts will decrease to 34,400 units and 30,900 units in 2008 and 2009 respectively. Despite a rapidly growing mid-40s population which prefers low density homes, higher mortgage carrying costs and slower job growth in higher paying sectors will help to slow demand for more expensive housing.

Multiple Starts: Multi-family home starts will rise to 34,750 units and 36,250 units in 2008 and 2009 respectively. Demand for multi-family homes will be the key driver of housing starts led by strength in the condo/apartment sector. Strong apartment sales suggest a high backlog of apartment projects have yet to commence construction. Furthermore, first time buyers considering less expensive homes will also drive demand for apartment and townhome units.

Resales: After record sales activity in 2007, Ontario existing home sales will edge modestly lower reaching 208,000 and 201,500 unit sales in 2008 and 2009 respectively. While rising mortgage carrying costs will dampen home sales, more choice across broader price

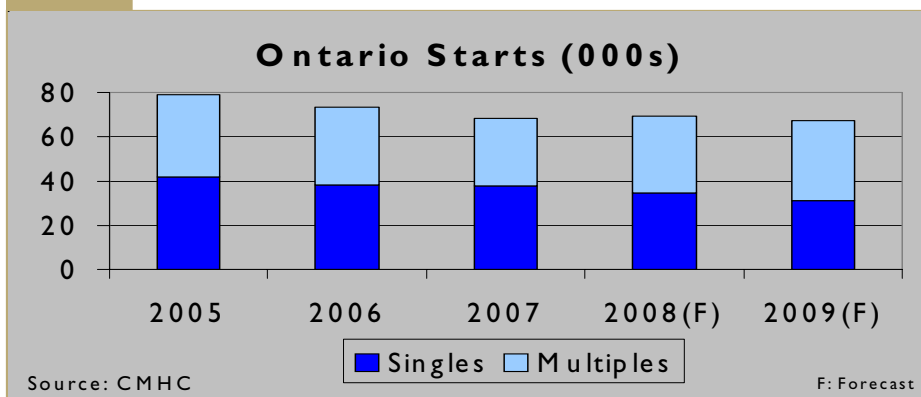
ranges will keep resale volumes well above historical norms.

Prices: The average MLS price in Ontario will rise by 6.2 per cent and 2.9 per cent in 2008 and 2009 respectively. Price growth will be running above inflation in the immediate term thanks to tighter resale market conditions. However, a more balanced resale market resulting from higher listings points to weakening price pressures longer term.

Provincial Highlight

Movements in rental apartment vacancy rates varied across the province, although most Ontario urban centres registered vacancy rates in 2007 at or below previous year levels. More notable examples of tighter than average rental markets include Greater Sudbury and Guelph. Greater Sudbury's rental and ownership markets, which are among the tightest across the country, are benefiting from a boom in mining activity driven by rising commodity prices, which, in turn, is boosting employment growth and in-migration. Meanwhile, vacancy rates remained above provincial averages in goods-producing centres such as Windsor, St. Catharines-Niagara and Thunder Bay. A Canadian dollar above parity and slower U.S. economic growth dampened local business and housing market conditions in these centres. Toronto, Ottawa and London, which boast more diversified economies, experienced no change in vacancy rates in 2007. Overall, data suggests that Ontario's rental market vacancy rates will remain elevated in 2008 and 2009.

Figure 5



Quebec

Overview

Housing demand to remain strong

The conditions that sustained Quebec home buying in 2007 will continue to fuel demand in the next two years, and translate into 46,500 starts in 2008 and 45,000 the following year. Quebec's economy will be supported by strong domestic spending and rising disposable income, which in turn will support housing demand. While the stronger Canadian dollar fuels private investment, the provincial government's infrastructure projects should take effect this year and further contribute to economic growth. Again this year, the weak spot will be the export sector which will continue to struggle with the current exchange rate and growing foreign competition. This will be especially true of the manufacturing sector. As a result, GDP will grow in the vicinity of two per cent in the next two years, while job growth will register approximately one per cent in 2008 and 2009 respectively.

While interest rates are expected to increase, their relatively low levels combined with the growing range of financial instruments should still facilitate home buying in the coming years and possibly encourage some households to move ahead their purchase plans. As the province's economy remains strong and the

provincial government increases its immigration targets, net migration is set to strengthen moving forward. Meanwhile, population aging will continue to fuel demand for such dwellings as condominium and retirement home apartments.

In Detail

Single Starts: Single-family starts will continue to benefit from the current economic and financial context. Demand in this category will also stem from a somewhat lower supply of resale homes. However, demand should gradually shift toward the less expensive and increasingly popular multi-family market. A total of 20,500 single starts are expected in 2008 and 19,750 in 2009.

Multiple Starts: Sustained by affordability requirements and population aging, demand will again be oriented to condominiums and seniors residences. After a year of vigorous construction of retirement homes in 2007, rising vacancy rates in several regions of the province should cool starts of multi-family units to approximately 26,000 units in 2008 and 25,000 the following year.

Resales: Sales of existing homes will moderate but remain strong in the coming years. Demand for existing condominiums (be they townhomes or apartments) will be robust. Sales of existing homes on the Multiple Listing

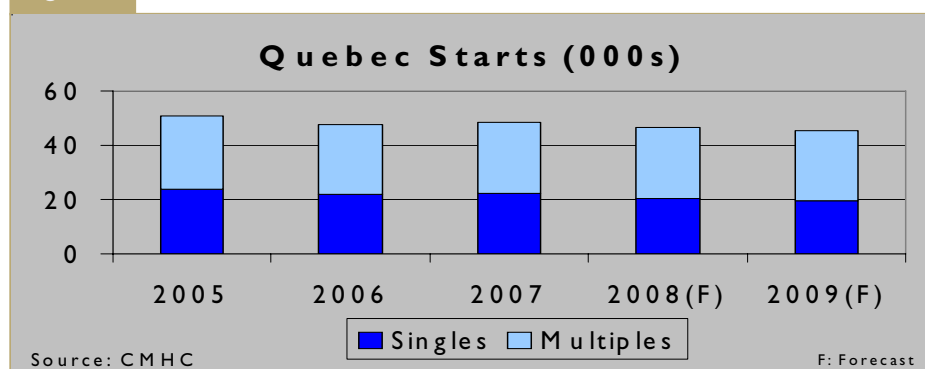
Service (MLS®) should be in the vicinity of 79,000 in each of 2008 and 2009.

Prices: With sales expected to cool and inventories expected to rise once again, price growth will not be as strong in the coming years. We expect that prices will increase by approximately 3 per cent in both 2008 and 2009, compared to over six per cent in 2007. As a result, the MLS® average resale price will approach \$215,000 in 2008 and \$221,000 in 2009.

Provincial Highlight

According to recent data released by the Institut de la statistique du Québec, births in the province have risen significantly in the past year. After increasing by close to eight per cent in 2006, it is expected that an additional 85,000 births will be recorded in 2007, a 3 per cent rise. While these newborns won't be buying homes in the near future, it is reasonable to assume that some of their parents could reassess their living conditions in favour of a larger dwelling. While more formal research is required, this assumption is supported by both resale and new home statistics. In fact, sales and starts of 'family homes' showed notable increase in regions where the birth rate had recently jumped.

Figure 6



New Brunswick

Overview

Economic growth prospects cool

The province's level of economic growth will be negatively impacted by several economic challenges including the high Canadian dollar and energy prices as well as a slowdown in growth in the United States.

These factors will continue to affect the manufacturing and export sectors. The permanent shutdown of pulp and paper mills, as well as declines in production will offset the positive effects of several current large scale projects. Companies must look to increase the level of investment in capital and equipment to improve productivity and competitiveness.

Non-residential construction activity will provide stimulus to economic growth in 2008-2009 as a result of the LNG terminal project and the refurbishment of the Point Lepreau generating station. The possibility of a new refinery in the Saint John region, which is already fuelling some housing sales activity, could reinforce its position as the energy hub for Atlantic Canada.

With the Canadian currency expected to remain strong, the challenge for the province's future employment prospects will be the continuing need to shift people from manufacturing and export related sectors into the service economy.

Employment growth should increase one per cent in 2008 and in 2009 as capital investment continues to support growth. Economic growth is expected to decline to 2.0 per cent in 2008 before reaching 2.3 per cent in 2009.

In Detail

Single Starts: After a solid rebound in 2007 following three consecutive annual declines, single starts in New Brunswick are expected to follow the national trend in 2008 with a decline. Stability in raw material prices will continue to be offset by rising labour costs. Also, the price gap between new and existing homes will further expand. As a result, expect single starts to decline to 2,510 units in 2008, followed by a subsequent decline to 2,400 units in 2009.

Multiple Starts: While multiple starts declined in 2007, semi-detached units maintained a rising trend, becoming the starter home of choice for consumers. Although semi-detached homes are expected to remain popular, multiple starts are expected to decline to 1,415 units in 2008 with a further decline to 1,250 units in 2009.

Resales: MLS® sales were at record high levels in some provincial centres in 2007, as favourable market conditions continued to provide access to home ownership for first time home buyers. The forecast is for MLS® sales to decline marginally to 7,750 units, followed by a

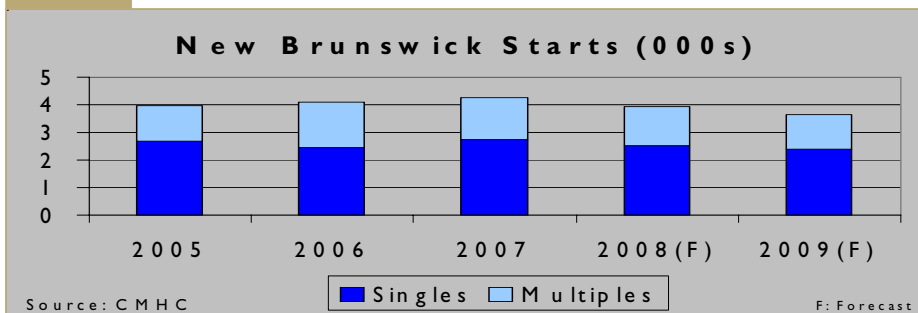
smaller decline to 7,500 in 2009.

Prices: While new listings remained at historic high levels in 2007, price growth continued. Although sales activity is expected to slow, the average price of homes is expected to rise to \$142,000 in 2008 with a subsequent increase to \$146,000 in 2009.

Provincial Highlight

For 2007, single-detached starts in New Brunswick's urban centres remained ahead of last year's pace. In the provinces three major urban areas – Saint John, Moncton and Fredericton - single starts to the end of November were 9.3 per cent higher than last year. The increase is remarkable since it coincides with one of the best years on record for existing home sales. During the same 11 month period, MLS® sales in these centres exceeded the preceding year's level by 16.1 per cent. Furthermore, tightening labour market conditions caused by increasing migration of skilled workers to Western Canada, has contributed to higher construction costs and longer lead times for completion. Nevertheless, positive net migration, historically high employment levels, rising salaries and consumer confidence, and relatively low mortgage rates have bolstered housing demand, allowing the market for new, single family homes to successfully resist slowing down, as opposed to the national trend.

Figure 7



Nova Scotia

Overview

Economy is being challenged

The economy of Nova Scotia is facing many challenges as industries and companies together struggle to remain profitable and competitive in a more global economy. The impact of higher energy prices and a strong Canadian Dollar on future economic growth will need to be offset by more productivity and investment in machinery and equipment, especially in the manufacturing and resource sectors.

The outlook remains positive though as a result of some growth in non-residential investment activity and continued strength in the service sector portion of the economy as well as contributions to growth by consumers. The outlook is less uncertain than a few months ago as the recent announcement regarding Deep Panucke will add support to growth possibly by 2009. Uncertainty remains regarding a possible petrochemical and LNG plant as well as improvements to a deep-water container terminal which together could add some upside to the expected rate of provincial economic growth, especially in 2009. The continuing closure of a number of manufacturing facilities will fuel some migration of workers westward.

The focus for growth will be on Halifax as a result of a number of projects in the Halifax area including the ongoing expansion by RIM in Bedford and the arrival of a number of financial and service related call centres.

Slowing employment and population growth as well as a slowing housing sector will constrain provincial economic growth. Economic prospects will improve as a result of ramping up from some of the energy related projects moving from the planning to the construction phase. Economic growth will remain within a fairly tight range; 2.1 per cent for 2008 and 2.3 per cent in 2009.

In Detail

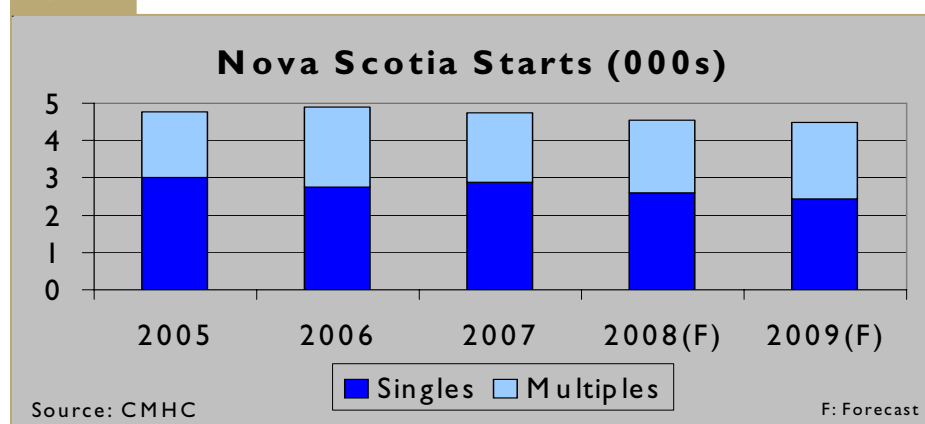
Single Starts: Single-detached housing starts are forecast to decline to 2,600 units in 2008 and 2,450 in 2009. Continued cost pressures due to rising costs of labour and development and the expectation of rising materials prices and shipping costs will continue to put pressure on new home prices and will contribute to ongoing subdued demand. Also, competition from existing homes and from multi-residential options will remain a concern for new construction. Existing homes will continue to provide good value and multi-residential options will meet varying lifestyle choices and needs.

Multiple Starts: Multiple unit starts will rise in 2008 to approximately 1,950 starts due to various new projects in the queue in Halifax. In 2009, multiple starts will rise to approximately 2,050 starts. Demographic trends towards smaller households will contribute to sustained demand for multiples. Interest in semi-detached and row housing also will remain elevated for the foreseeable future.

Resales: Existing home sales will continue to be a viable alternative to new construction. The value created from recent renovations and buyer preference for established neighbourhoods will boost demand for existing homes. Existing homes reached record sales levels in 2007, but 2008 will see a decrease to 11,100 MLS® units, while 2009 will achieve 10,900.

Prices: The recent rapid rate of MLS® sales price growth will decelerate in 2008 and 2009. Sales prices are still expected to rise faster than inflation; 4.4 per cent in 2008 and 2.6 per cent in 2009. The average price in 2008 is expected to be \$190,000 while 2009 should see an average price of \$195,000.

Figure 8



Provincial Highlight

Residential construction in Halifax is near record levels. As of the end of November, there were 1,346 rental, 509 condo and 212 semi-detached and row house units under construction. For the past six months, there has been an average of 2,064 multiple units under construction. This high level of units under construction is the result of larger-scale projects as well as project delays that are due in part to a tight labour market. It also has resulted in delayed start dates for new multiple projects.

Prince Edward Island

Overview

Economic growth moderates

Moderate growth is forecast for the Prince Edward Island economy for 2008-2009. The province will continue to benefit from some gains in employment from the service sector especially in the area of information technology.

Challenges for the island's economy include the much higher Canadian dollar and a rise in energy prices. These factors will continue to dampen the prospects for growth in agriculture, manufacturing and tourism industries. As well, a slowdown in both residential and non-residential construction activity will be partially offset by a more positive outlook for investment in both machinery and equipment as companies begin to look for ways to improve productivity.

The tourism sector is expected to soften as the higher Canadian dollar impacts the desire of Americans to travel outside their own country. Market conditions for potatoes will continue to be challenged by the higher costs for fertilizer and other farm inputs as well as global competition.

The rate of employment growth on the Island did much better than expected in 2007 with the level of growth ending the year up 1.1 per cent. Employment

will slow to 0.6 per cent in 2008, even though the province continues to benefit from the expansion in both financial and business services. Employment in the construction sector has been stable in 2007 as a result of numerous large projects remaining under construction. The rate of provincial economic growth is expected to slow in 2008 and 2009 as the level of investment declines.

In Detail

Single Starts: The construction of single-family homes is expected to slow slightly in each of the next two years. Although positive migration will provide some support for the new home market it is expected that the rising costs associated with new construction in conjunction with a general slowing of the economy will result in an overall decline in single starts. The current forecast is calling for 525 units in 2008 and 500 units in 2009.

Multiple Starts: Multiple starts are expected to reach 175 units per year in 2008 and 2009, a similar level of activity that was recorded in 2007. As was the case in 2007, the majority of new multiple starts are expected to be for the homeownership market in the form of semi-detached units. These units are becoming a popular alternative to the single-detached home for first-time buyers. There is also the possibility of additional apartment style condominium units over the forecast period.

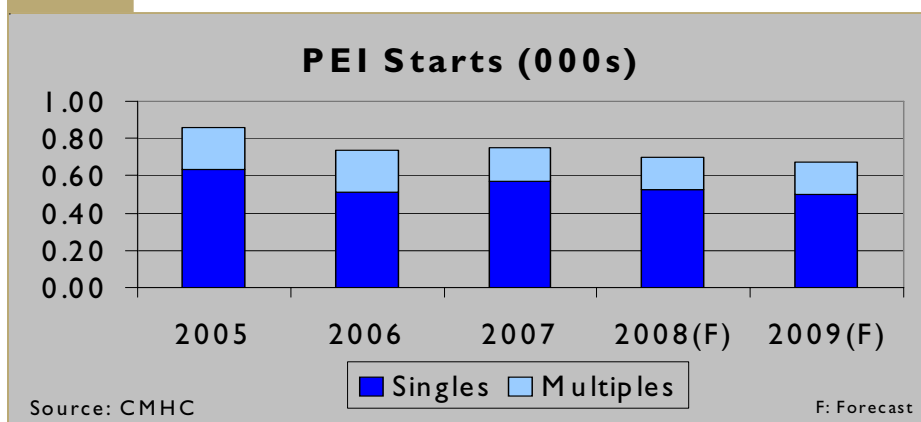
Resales: MLS® sales in PEI over the next two years, are not expected to top the estimated record level of 1,675 sales in 2007. While the demand for existing homes will remain strong, due in part to the widening gap between new and existing home prices, it is expected that the price appreciation over the past five years will limit the number of first time buyers.

Prices: The average price of existing homes should rise over the next two years due to the strong demand for urban and waterfront and water view properties. The average MLS® sales price is expected to increase by 3.4 and 3.3 per cent in 2008 and 2009, respectively.

Provincial Highlight

Recreational properties in PEI remain popular, particularly waterfront properties and those with a water view. In 2000, the average price of a recreational property in the province was a mere \$48,360. However at the end of 2007 the average price had risen to \$120,620, an increase of almost 150 per cent. In addition to the rising price is an increased level of sales in this segment. In 2000, 76 recreational properties were sold through the MLS® system, but at the end of 2007 this number had increased to 131 units. The majority of the growth in this segment is being driven by former Islanders who have left the province to greater employment opportunities in other parts of the country and would like to have a summer vacation property.

Figure 9



Newfoundland and Labrador

Overview

Economic growth supported by exports

Economic growth will continue to be strongly supported by oil and mineral exports, as well as the addition of new investment activity from the Hebron project.

Both Terra Nova and Hibernia should peak in terms of production over the 2008-2009 period. Mineral production will remain a positive influence, as a result of output at Voisey's Bay and the Duck Pond mine. As well, higher commodity prices will continue to increase the overall level of mineral exploration activity from the interior region of Newfoundland and also in Labrador. Higher energy prices will offset some of the negative impact of production declines.

Accordingly, GDP growth is forecast to slow over the 2008-2009 period to 1.5 per cent for 2008 and 2.0 per cent for 2009, but this is only because of the resulting decline in oil production. The internal dynamics of the economy will continue to strengthen over the forecast period. Employment will climb as a result of the addition of new energy investment activity, resulting in 1.1 per cent growth in 2008 and 1.5 per cent in 2009. The fishery will continue to be challenged by weak markets, a very

strong Canadian dollar and high fuel costs.

On-going population losses should stall, as Newfoundlanders begin to return from Alberta to support new mega-project construction activity, especially by 2009. The development of power generation, a new refinery and further growth in the mining industry, could present upside risk to the forecast.

In Detail

Single Starts: Increased economic activity throughout the province and solid economic and demographic fundamentals will contribute to strength in single-detached housing starts in 2008 and 2009. Improving net-migration numbers and favourable labour markets will continue to support the singles housing market, with 2,200 starts expected this year and 2,250 forecast for 2009.

Multiple Starts: Multiple unit construction will fare well this year, remaining near the level achieved in 2007 with 450 units in 2008 and 425 anticipated for 2009. Starts of single-detached homes with basement apartments have lost ground recently, with buyers opting for less expensive single unit homes. Smaller households and a strong economy in St. John's have enticed several developers to get involved in the budding condo market. As a result, condo starts are forecast to increase once again in 2008 and 2009. With a

recent peak in supply and higher disposable incomes, demand for new semi-detached units will remain low, as buyers opt for single-detached dwellings.

Resales: Recent oil announcements have bolstered the MLS® market and record new and existing home buying activity is expected to continue. Overall, demand will remain high through to the end of 2008 and into 2009. Accordingly, we are calling for 4,650 provincial MLS® sales this year, with a slight increase to 4,750 in 2009.

Prices: Despite the sales strength of the past two years, a large supply of homes for sale kept the average MLS® house price at bay from December 2005 through to May 2007. However, recent activity has resulted in an increase in the average MLS® price to \$149,305 in 2007. The outlook for 2008 and 2009 is favourable, with price forecast to grow by 7.2 per cent and 6.3 per cent, respectively.

Provincial Highlight

For 2007 it was another record year for MLS® sales activity within the St. John's region, with sales surpassing the 4,000 mark for the first time. The expectation for 2008 is for this trend to continue. However, during the last two years, record unit sales were offset by high levels of active listings, forcing MLS® prices to grow at a level below their long-term trend. Healthier in-migration to the region, paired with increased economic activity and high consumer confidence have begun to reverse this trend. The current expectation is that the region's positive economic situation will continue to support solid price growth and strong sales activity over the forecast period.

Figure 10

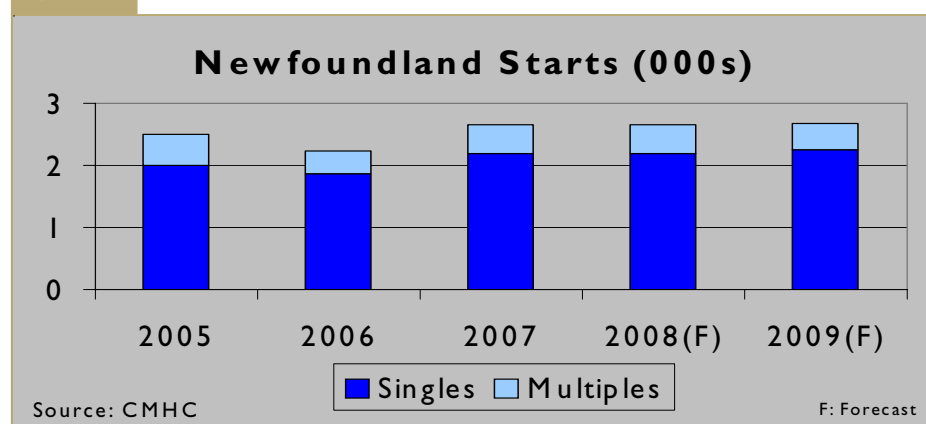


Figure 11

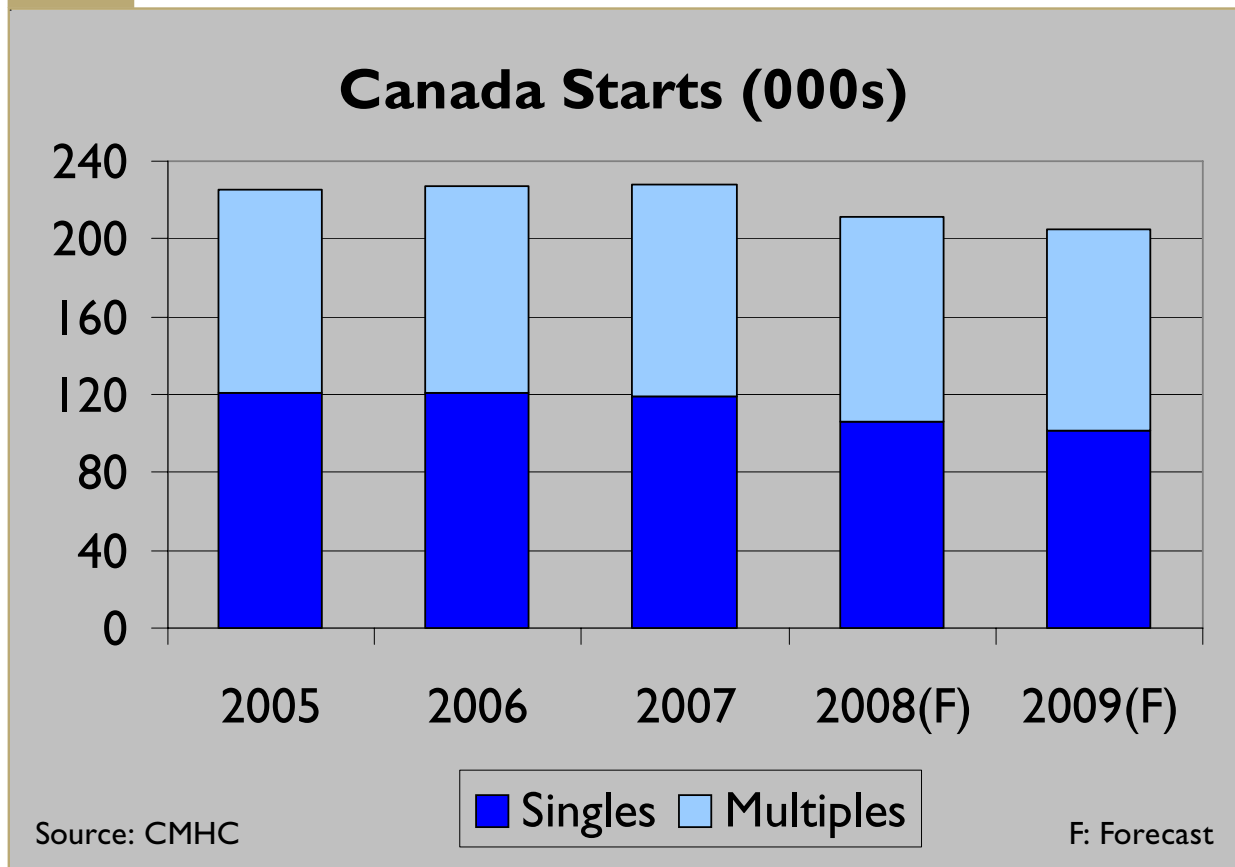


Table 1: Total Housing Starts
(units and annual percentage change)

	2003	2004	2005	2006	2007	2008(F)	2009(F)
NFLD	2,692	2,870	2,498	2,234	2,649	2,650	2,675
%	11.3	6.6	-13.0	-10.6	18.6	0.0	0.9
PEI	814	919	862	738	750	700	675
%	5.0	12.9	-6.2	-14.4	1.6	-6.7	-3.6
NS	5,096	4,717	4,775	4,896	4,750	4,550	4,500
%	2.5	-7.4	1.2	2.5	-3.0	-4.2	-1.1
NB	4,489	3,947	3,959	4,085	4,242	3,925	3,650
%	16.2	-12.1	0.3	3.2	3.8	-7.5	-7.0
QUE	50,289	58,448	50,910	47,877	48,553	46,500	45,375
%	18.5	16.2	-12.9	-6.0	1.4	-4.2	-2.4
ONT	85,180	85,114	78,795	73,417	68,123	69,150	67,150
%	1.9	-0.1	-7.4	-6.8	-7.2	1.5	-2.9
MAN	4,206	4,440	4,731	5,028	5,738	5,800	5,900
%	16.3	5.6	6.6	6.3	14.1	1.1	1.7
SASK	3,315	3,781	3,437	3,715	6,007	5,600	5,300
%	11.9	14.1	-9.1	8.1	61.7	-6.8	-5.4
ALTA	36,171	36,270	40,847	48,962	48,336	39,500	37,750
%	-6.7	0.3	12.6	19.9	-1.3	-18.3	-4.4
BC	26,174	32,925	34,667	36,443	39,195	33,250	31,700
%	21.0	25.8	5.3	5.1	7.6	-15.2	-4.7
CAN*	218,426	233,431	225,481	227,395	228,343	211,700	204,700
%	6.5	6.9	-3.4	0.8	0.4	-7.3	-3.3

SOURCE: CMHC.

(F) Forecast.

* Total does not add due to rounding.

Table 2: Single-Detached Starts
(units and annual percentage change)

	2003	2004	2005	2006	2007	2008(F)	2009(F)
NFLD	2,240	2,229	2,005	1,864	2,184	2,200	2,250
%	7.1	-0.5	-10.0	-7.0	17.2	0.7	2.3
PEI	613	682	634	512	573	525	500
%	5.3	11.3	-7.0	-19.2	11.9	-8.4	-4.8
NS	2,968	3,270	3,010	2,757	2,887	2,600	2,450
%	-11.7	10.2	-8.0	-8.4	4.7	-9.9	-5.8
NB	3,139	2,970	2,665	2,445	2,733	2,510	2,400
%	13.4	-5.4	-10.3	-8.3	11.8	-8.2	-4.4
QUE	27,225	28,871	23,930	21,917	22,177	20,500	19,750
%	7.8	6.0	-17.1	-8.4	1.2	-7.6	-3.7
ONT	47,610	48,929	41,682	38,309	37,910	34,400	30,900
%	-6.9	2.8	-14.8	-8.1	-1.0	-9.3	-10.2
MAN	3,165	3,484	3,709	3,552	3,857	4,000	4,100
%	4.9	10.1	6.5	-4.2	8.6	3.7	2.5
SASK	2,097	2,193	2,425	2,689	4,017	3,900	3,700
%	8.6	4.6	10.6	10.9	49.4	-2.9	-5.1
ALTA	21,918	22,487	26,684	31,835	28,105	23,250	22,750
%	-10.6	2.6	18.7	19.3	-11.7	-17.3	-2.2
BC	12,252	14,056	13,719	15,433	14,474	12,375	12,300
%	14.2	14.7	-2.4	12.5	-6.2	-14.5	-0.6
CAN*	123,227	129,171	120,463	121,313	118,917	106,300	101,100
%	-1.7	4.8	-6.7	0.7	-2.0	-10.6	-4.9

SOURCE: CMHC.

(F) Forecast.

* Total does not add due to rounding.

Table 3: Multiple Starts
(units and annual percentage change)

	2003	2004	2005	2006	2007	2008(F)	2009(F)
NFLD	452	641	493	370	465	450	425
%	38.2	41.8	-23.1	-24.9	25.7	-3.2	-5.6
PEI	201	237	228	226	177	175	175
%	4.1	17.9	-3.8	-0.9	-21.7	-1.1	0.0
NS	2,128	1,447	1,765	2,139	1,863	1,950	2,050
%	32.4	-32.0	22.0	21.2	-12.9	4.7	5.1
NB	1,350	977	1,294	1,640	1,509	1,415	1,250
%	23.5	-27.6	32.4	26.7	-8.0	-6.2	-11.7
QUE	23,064	29,577	26,980	25,960	26,376	26,000	25,625
%	34.1	28.2	-8.8	-3.8	1.6	-1.4	-1.4
ONT	37,570	36,185	37,113	35,108	30,213	34,750	36,250
%	15.7	-3.7	2.6	-5.4	-13.9	15.0	4.3
MAN	1,041	956	1,022	1,476	1,881	1,800	1,800
%	73.2	-8.2	6.9	44.4	27.4	-4.3	0.0
SASK	1,218	1,588	1,012	1,026	1,990	1,700	1,600
%	18.0	30.4	-36.3	1.4	94.0	-14.6	-5.9
ALTA	14,253	13,783	14,163	17,127	20,231	16,250	15,000
%	0.1	-3.3	2.8	20.9	18.1	-19.7	-7.7
BC	13,922	18,869	20,948	21,010	24,721	20,875	19,400
%	27.8	35.5	11.0	0.3	17.7	-15.6	-7.1
CAN*	95,199	104,260	105,018	106,082	109,426	105,400	103,600
%	19.5	9.5	0.7	1.0	3.2	-3.7	-1.7

SOURCE: CMHC.

(F) Forecast.

* Total does not add due to rounding.

Table 4: Housing Starts by Type (Units)

		2003	2004	2005	2006	2007	2008(F)	2009(F)
NF	Semi-Detached	66	264	151	122	133	125	125
	Row	107	51	31	39	72	50	25
	Apartment	279	326	311	209	260	275	275
	Total	452	641	493	370	465	450	425
PEI	Semi-Detached	72	76	111	62	100	100	100
	Row	40	80	75	13	23	25	25
	Apartment	89	81	42	151	54	50	50
	Total	201	237	228	226	177	175	175
NS	Semi-Detached	338	266	301	353	333	350	350
	Row	277	186	265	255	221	250	250
	Apartment	1,513	995	1,199	1,531	1,309	1,350	1,450
	Total	2,128	1,447	1,765	2,139	1,863	1,950	2,050
NB	Semi-Detached	254	293	391	482	530	575	490
	Row	143	256	203	275	195	165	145
	Apartment	953	428	700	883	784	675	615
	Total	1,350	977	1,294	1,640	1,509	1,415	1,250
QC	Semi-Detached	2,432	2,932	2,678	2,599	2,750	2,650	2,575
	Row	773	1,109	1,074	1,343	1,934	2,050	2,050
	Apartment	19,859	25,536	23,228	22,018	21,692	21,300	21,000
	Total	23,064	29,577	26,980	25,960	26,376	26,000	25,625
ON	Semi-Detached	6,379	5,172	4,673	4,393	4,284	3,900	3,500
	Row	12,191	12,824	12,537	11,046	11,255	10,750	10,450
	Apartment	19,000	18,189	19,903	19,669	14,674	20,100	22,300
	Total	37,570	36,185	37,113	35,108	30,213	34,750	36,250
MAN	Semi-Detached	88	132	133	178	175	200	200
	Row	62	92	161	158	198	175	175
	Apartment	891	732	728	1,140	1,508	1,425	1,425
	Total	1,041	956	1,022	1,476	1,881	1,800	1,800
SK	Semi-Detached	95	184	236	123	317	250	225
	Row	594	681	378	423	831	700	650
	Apartment	529	723	398	480	842	750	725
	Total	1,218	1,588	1,012	1,026	1,990	1,700	1,600
ALB	Semi-Detached	2,567	2,916	3,012	3,807	3,699	3,250	2,950
	Row	2,859	2,401	2,951	2,935	4,377	3,500	3,250
	Apartment	8,827	8,466	8,200	10,385	12,155	9,500	8,800
	Total	14,253	13,783	14,163	17,127	20,231	16,250	15,000
B.C.	Semi-Detached	1,353	2,062	1,791	2,239	2,111	2,475	1,800
	Row	3,297	4,387	4,459	4,476	4,175	3,850	3,500
	Apartment	9,272	12,420	14,698	14,295	18,435	14,550	14,100
	Total	13,922	18,869	20,948	21,010	24,721	20,875	19,400
CAN*	Semi-Detached	13,644	14,297	13,477	14,358	14,432	13,875	12,315
	Row	20,343	22,067	22,134	20,963	23,281	21,515	20,520
	Apartment	61,212	67,896	69,407	70,761	71,713	69,975	70,740
	Total	95,199	104,260	105,018	106,082	109,426	105,365	103,575

Source: CMHC (F) Forecast. *Totals may not add due to rounding.

Table 5: Total Residential Resales
(units and annual percentage change)

	2003	2004	2005	2006	2007(E)	2008(F)	2009(F)
NFLD	3,238	3,265	3,211	3,537	4,471	4,650	4,750
%	7.4	0.8	-1.7	10.2	26.4	4.0	2.2
PEI	1,404	1,500	1,449	1,492	1,769	1,600	1,550
%	7.5	6.8	-3.4	3.0	18.5	-9.5	-3.1
NS	9,221	8,887	10,943	10,577	11,857	11,100	10,900
%	-10.0	-3.6	23.1	-3.3	12.1	-6.4	-1.8
NB	5,489	5,979	6,836	7,125	8,161	7,750	7,500
%	7.9	8.9	14.3	4.2	14.5	-5.0	-3.2
QUE	67,130	69,296	70,649	72,520	80,850	79,000	79,250
%	-1.5	3.2	2.0	2.6	11.5	-2.3	0.3
ONT	184,457	197,353	197,007	194,793	213,300	208,000	201,500
%	3.6	7.0	-0.2	-1.1	9.5	-2.5	-3.1
MAN	11,523	12,098	12,761	13,018	14,000	14,100	14,250
%	3.7	5.0	5.5	2.0	7.5	0.7	1.1
SASK	7,698	8,172	8,312	9,140	12,000	12,200	11,600
%	-3.0	6.2	1.7	10.0	31.3	1.7	-4.9
ALTA	51,334	57,460	65,866	74,350	72,000	67,500	66,000
%	0.6	11.9	14.6	12.9	-3.2	-6.2	-2.2
BC	93,095	96,385	106,310	96,671	101,500	93,750	91,000
%	12.5	3.5	10.3	-9.1	5.0	-7.6	-2.9
CAN	434,589	460,395	483,344	483,223	519,722	499,650	488,300
%	3.8	5.9	5.0	0.0	7.6	-3.9	-2.3

SOURCE: The Canadian Real Estate Association.
(E) Estimate by CMHC, (F) Forecast by CMHC.

Table 6: Average Residential Resale Price (\$)

(units and annual percentage change)

	2003	2004	2005	2006	2007(E)	2008(F)	2009(F)
NFLD	119,822	131,499	141,167	139,542	149,258	160,000	170,000
%	6.0	9.7	7.4	-1.2	7.0	7.2	6.3
PEI	101,745	110,815	117,237	125,430	133,457	137,500	142,000
%	7.1	8.9	5.8	7.0	6.4	3.0	3.3
NS	136,292	146,033	159,247	169,237	180,989	190,000	195,000
%	7.6	7.1	9.0	6.3	6.9	5.0	2.6
NB	105,858	112,933	120,641	126,864	136,603	142,000	146,000
%	5.7	6.7	6.8	5.2	7.7	4.0	2.8
QUE	151,881	171,099	184,583	194,024	206,843	214,600	221,000
%	16.5	12.7	7.9	5.1	6.6	3.8	3.0
ONT	226,824	245,230	263,042	278,455	299,493	318,200	327,500
%	7.5	8.1	7.3	5.9	7.6	6.2	2.9
MAN	106,788	119,245	133,854	150,229	169,000	185,500	196,000
%	10.6	11.7	12.3	12.2	12.5	9.8	5.7
SASK	104,995	110,824	122,765	132,078	174,000	220,000	238,000
%	3.7	5.6	10.8	7.6	31.7	26.4	8.2
ALTA	182,845	194,769	218,266	285,383	355,000	369,000	389,000
%	7.4	6.5	12.1	30.7	24.4	3.9	5.4
BC	259,968	289,107	332,224	390,963	438,299	464,500	487,500
%	8.8	11.2	14.9	17.7	12.1	6.0	5.0
CAN**	207,162	226,386	249,255	277,020	306,397	322,400	334,500
%	9.7	9.3	10.1	11.1	10.6	5.2	3.8

SOURCE: The Canadian Real Estate Association.

(E) Estimate by CMHC, (F) Forecast by CMHC.

** Excludes Yukon and Northwest Territories

Table 7: Employment (annual percentage change)							
	2003	2004	2005	2006	2007	2008(F)	2009(F)
NFLD	2.5	0.9	-0.1	0.7	0.6	1.8	2.0
PEI	2.2	1.2	1.9	0.6	1.0	0.6	0.6
NS	2.0	2.6	0.2	-0.3	1.3	0.8	1.0
NB	0.0	2.0	0.1	1.4	2.1	1.5	1.0
QUE	1.6	1.4	1.0	1.3	2.3	1.3	1.0
ONT	3.0	1.7	1.3	1.5	1.6	1.7	1.0
MAN	0.5	1.1	0.6	1.2	1.6	1.4	1.1
SASK	1.7	0.8	0.8	1.7	2.1	1.9	1.6
ALTA	2.7	2.4	1.5	4.8	4.7	2.0	1.5
BC	2.5	2.4	3.3	3.1	3.2	2.6	2.0
CAN	2.4	1.8	1.4	1.9	2.3	1.5	1.2
Sources: Statistics Canada, CMHC (F) Forecast							

Table 8: Unemployment Rate (percent)							
	2003	2004	2005	2006	2007	2008(F)	2009(F)
NFLD	16.5	15.7	15.2	14.8	13.6	13.3	13.0
PEI	11.0	11.2	10.8	11.1	10.3	10.1	10.1
NS	9.1	8.8	8.4	7.9	8.0	7.6	7.6
NB	10.3	9.8	9.7	8.8	7.5	7.4	7.4
QUE	9.1	8.5	8.3	8.0	7.2	7.2	7.0
ONT	6.9	6.8	6.6	6.3	6.4	6.2	6.0
MAN	5.0	5.3	4.8	4.3	4.4	4.3	4.4
SASK	5.6	5.3	5.1	4.7	4.2	4.1	4.2
ALTA	5.1	4.6	3.9	3.4	3.5	3.5	3.5
BC	8.0	7.2	5.9	4.8	4.2	4.2	4.4
CAN	7.6	7.2	6.8	6.3	6.0	6.0	6.1
Sources: Statistics Canada, CMHC (F) Forecast							

Table 9: Gross Domestic Product (annual percentage change)							
	2003	2004	2005	2006	2007(F)	2008(F)	2009(F)
NFLD	5.8	-1.7	0.2	3.3	8.5	1.5	2.0
PEI	2.1	3.0	1.3	2.6	1.9	1.7	1.7
NS	1.4	1.4	1.8	0.9	2.3	2.1	2.3
NB	2.8	1.4	0.5	3.0	2.2	2.0	2.3
QUE	1.2	2.6	2.0	1.7	1.8	1.5	2.1
ONT	1.4	2.5	2.9	2.1	2.2	1.8	2.4
MAN	1.4	2.6	2.7	3.2	3.0	2.9	2.6
SASK	4.6	3.8	3.5	-0.4	4.3	3.4	3.0
ALTA	3.2	5.2	5.3	6.6	4.3	3.2	3.0
BC	2.3	3.7	4.5	3.3	3.1	2.9	3.2
CAN	1.9	3.1	3.1	2.8	2.6	2.4	2.7
Sources: Statistics Canada, CMHC (F) Forecast							

Table 10: Total Net Migration *
(number of persons)

	2003	2004	2005	2006	2007(E)	2008(F)	2009(F)
NFLD	-705	-2,438	-4,146	-3,539	-650	1,500	1,600
PEI	343	44	71	49	700	375	400
NS	1,548	-191	-2,259	-1,039	650	750	975
NB	-382	-83	-1,922	-2,276	2,350	2,075	2,250
QUE	34,529	34,443	27,506	24,580	24,461	27,750	31,750
ONT	111,197	101,730	98,768	68,759	75,892	85,000	91,500
MAN	3,438	3,739	-2,150	1,398	8,735	8,650	8,700
SASK	-3,280	-4,529	-7,945	-1,037	14,325	10,200	8,200
ALTA	24,171	33,426	63,239	81,480	47,000	42,000	38,500
BC	35,850	39,721	48,444	48,276	54,952	56,800	56,300
CAN**	206,709	205,862	219,606	216,651	228,415	235,100	240,175

Sources: Statistics Canada, CMHC, (E) Estimate, (F) Forecast

* Sum of interprovincial migration, international migration and non-permanent residents

** Excludes Yukon, Northwest Territories and Nunavut

Table 11a: Local Market Indicators

Census Metropolitan Area		Total Housing Starts	Single-Detached	NHPI Annual % Change	MLS® Sales	MLS® Avg. Price	Rental Vac. Rate (3+ Units)	Avg. Rent Two Bedroom (3 Units)
Victoria	2007	2,579	795	0.4	8,403	466,974	0.5	907
	2008(F)	2,275	850	1.0	7,700	487,000	0.6	950
	2009(F)	1,845	820	0.7	7,300	498,000	0.8	995
Vancouver	2007	20,736	4,211	7.2	38,978	570,795	0.7	1,084
	2008(F)	18,500	3,800	5.8	36,000	615,000	0.8	1,120
	2009(F)	18,000	3,400	5.5	35,000	645,000	1.0	1,160
Abbotsford	2007	1,088	527	n.a.	3,843	338,976	2.1	752
	2008(F)	1,200	550	n.a.	3,650	365,000	2.3	780
	2009(F)	1,100	525	n.a.	3,500	385,000	2.5	805
Kelowna	2007	2,805	1,130	n.a.	5,584	410,175	0.0	846
	2008(F)	2,700	1,050	n.a.	5,100	443,000	0.3	890
	2009(F)	2,400	1,000	n.a.	5,000	465,000	0.6	920
Edmonton	2007	14,888	7,682	35.2	20,427	338,636	1.5	958
	2008(F)	11,700	6,200	10.0	19,250	355,000	2.0	1,050
	2009(F)	11,850	6,350	12.0	19,000	375,000	2.5	1,120
Calgary	2007	13,505	7,777	16.0	32,176	414,066	1.5	1,089
	2008(F)	11,000	6,400	6.0	30,500	429,000	2.0	1,140
	2009(F)	10,750	6,500	6.0	29,500	450,000	2.0	1,175
Saskatoon	2007	2,380	1,485	33.3	4,446	232,755	0.6	693
	2008(F)	2,150	1,450	15.0	4,500	275,000	1.0	723
	2009(F)	2,000	1,350	15.0	4,300	297,500	1.2	738
Regina	2007	1,398	864	20.0	3,957	165,613	1.4	656
	2008(F)	1,275	825	15.0	4,000	200,000	1.0	675
	2009(F)	1,175	775	15.0	3,800	215,000	1.2	695
Winnipeg	2007	3,371	1,870	12.0	12,350	174,500	1.5	740
	2008(F)	3,400	1,950	7.5	12,450	192,500	1.3	780
	2009(F)	3,525	2,025	7.0	12,600	205,000	1.5	810
Thunder Bay	2007	249	185	4.0	1,650	131,288	3.8	709
	2008(F)	245	195	4.5	1,667	135,000	3.3	717
	2009(F)	255	205	5.0	1,685	140,000	2.8	730
Sudbury	2007	587	514	4.0	2,900	179,769	0.6	749
	2008(F)	675	525	4.5	3,100	197,746	0.3	779
	2009(F)	605	535	5.0	3,250	210,000	0.2	810
Windsor	2007	614	417	-2.4	5,000	164,000	12.8	774
	2008(F)	570	380	-1.5	4,700	161,000	11.0	773
	2009(F)	560	400	1.0	4,800	162,500	8.8	780

Sources: CMHC, Canadian Real Estate Association, Local Real Estate Boards, Statistics Canada

MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards

*MLS® numbers reflect all of Durham Region

n.a.: data not available

Table 11b: Local Market Indicators

Census Metropolitan Area		Total Housing Starts	Single-Detached	NHPI Annual % Change	MLS® Sales	MLS® Avg. Price	Rental Vac. Rate (3+ Units)	Avg. Rent Two Bedroom (3 Units)
London	2007	3,141	1,983	3.6	9,750	202,350	3.6	816
	2008(F)	3,012	1,880	4.4	9,360	212,500	3.8	833
	2009(F)	2,872	1,780	4.3	9,000	220,700	3.8	856
Kitchener	2007	2,740	1,159	1.5	7,000	251,000	2.7	829
	2008(F)	2,675	1,225	2.0	6,800	262,000	2.5	841
	2009(F)	2,725	1,325	2.2	6,600	272,000	2.4	854
St.Catharines-Niagara	2007	1,149	798	5.0	6,700	203,300	4.0	765
	2008(F)	1,042	691	4.5	6,600	212,500	4.0	779
	2009(F)	957	585	4.5	6,500	218,900	3.8	793
Hamilton	2007	3,004	1,761	5.5	14,240	272,000	3.5	824
	2008(F)	3,040	1,780	5.4	14,180	298,000	3.2	845
	2009(F)	2,890	1,750	5.3	13,900	310,000	3.0	870
Toronto	2007	33,293	14,769	2.5	95,500	375,500	3.2	1,061
	2008(F)	35,000	13,300	2.3	91,000	405,000	3.5	1,077
	2009(F)	33,600	11,300	2.0	86,500	420,500	3.0	1,093
Barrie	2007	980	746	n.a.	5,000	259,000	3.2	934
	2008(F)	920	690	n.a.	4,800	271,000	2.7	949
	2009(F)	820	640	n.a.	4,700	281,000	2.3	963
Peterborough	2007	540	324	n.a.	2,900	231,000	2.8	822
	2008(F)	465	300	n.a.	2,800	242,000	2.6	834
	2009(F)	435	270	n.a.	2,700	250,000	2.2	847
Brantford	2007	555	450	n.a.	2,300	209,000	2.3	712
	2008(F)	560	440	n.a.	2,400	219,500	2.9	749
	2009(F)	550	400	n.a.	2,370	229,000	2.8	760
Guelph	2007	941	575	n.a.	3,150	262,000	1.9	848
	2008(F)	920	560	n.a.	3,000	273,000	1.8	860
	2009(F)	910	550	n.a.	2,900	282,000	1.7	873
Oshawa*	2007	2,389	1,747	n.a.	10,000	273,415	3.7	877
	2008(F)	2,515	1,900	n.a.	9,900	285,000	3.5	891
	2009(F)	2,440	1,850	n.a.	9,500	295,000	3.4	905
Kingston	2007	880	600	n.a.	3,767	221,808	3.2	856
	2008(F)	774	549	n.a.	3,692	230,237	3.4	873
	2009(F)	828	519	n.a.	3,581	237,605	2.9	895

Sources: CMHC, Canadian Real Estate Association, Local Real Estate Boards, Statistics Canada

MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards

*MLS® numbers reflect all of Durham Region

n.a.: data not available

Table 11c: Local Market Indicators

Census Metropolitan Area		Total Housing Starts	Single-Detached	NHPI Annual % Change	MLS® Sales	MLS® Avg. Price	Rental Vac. Rate (3+ Units)	Avg. Rent Two Bedroom (3 Units)
Ottawa	2007	6,506	2,973	1.6	14,900	272,000	2.3	961
	2008(F)	6,400	2,750	1.6	14,750	285,000	2.1	980
	2009(F)	6,425	2,650	1.6	14,650	293,000	2.0	1,000
Gatineau	2007	2,788	1,037	1.6	4,537	182,477	2.9	662
	2008(F)	2,500	930	1.5	4,550	185,000	3.0	670
	2009(F)	2,400	900	1.8	5,000	187,000	2.7	680
Montréal	2007	23,233	8,013	4.1	42,800	251,000	2.9	647
	2008(F)	22,600	7,600	3.5	41,500	263,500	3.3	660
	2009(F)	21,900	7,200	3.0	40,700	274,000	3.5	675
Trois-Rivières	2007	1,197	430	n.a.	863	128,000	1.5	487
	2008(F)	1,150	400	n.a.	825	136,000	1.9	495
	2009(F)	975	350	n.a.	775	143,000	2.3	500
Sherbrooke	2007	1,318	666	n.a.	1,872	177,281	2.4	529
	2008(F)	1,293	693	n.a.	1,900	186,145	2.9	539
	2009(F)	1,286	706	n.a.	1,919	193,591	3.0	548
Québec	2007	5,284	2,144	2.2	7,684	176,097	1.2	641
	2008(F)	5,000	2,000	2.5	7,500	188,000	1.4	652
	2009(F)	4,850	1,900	2.0	7,500	197,000	1.8	660
Saguenay	2007	685	373	n.a.	1,260	136,977	2.8	490
	2008(F)	1,100	350	n.a.	1,225	150,000	2.7	495
	2009(F)	500	315	n.a.	1,200	160,000	3.0	500
Saint John	2007	687	412	1.0	2,253	140,544	5.2	570
	2008(F)	650	390	2.5	2,100	146,000	4.8	590
	2009(F)	625	370	2.0	2,000	152,000	4.5	610
Moncton	2007	1,425	655	1.0	2,849	140,032	4.3	643
	2008(F)	1,340	620	2.5	2,650	147,000	4.8	660
	2009(F)	1,250	590	2.0	2,500	152,000	5.0	675
Halifax	2007	2,489	1,207	5.4	6,942	215,645	3.1	815
	2008(F)	2,500	1,125	3.5	6,500	223,000	3.5	840
	2009(F)	2,550	1,075	3.0	6,400	230,000	3.4	860
St. John's	2007	1,480	1,174	4.7	4,471	149,258	2.6	614
	2008(F)	1,650	1,250	4.0	4,650	160,000	2.5	650
	2009(F)	1,700	1,300	5.0	4,750	170,000	2.0	675
Charlottetown	2007	394	295	1.5	650	166,244	4.3	659
	2008(F)	375	275	2.0	625	170,000	4.0	670
	2009(F)	375	250	2.0	600	175,000	3.8	685
ALL LISTED	2007	158,282	69,653	7.2	377,752	n.a.	2.6	n.a.
CENTRES	2008(F)	150,306	63,883	4.4	362,924	n.a.	2.8	n.a.
	2009(F)	145,213	60,600	4.5	353,310	n.a.	2.8	n.a.

Sources: CMHC, Canadian Real Estate Association, Local Real Estate Boards, Statistics Canada

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*MLS® numbers reflect all of Durham Region

n.a.: data not available

**Table 12: Major Housing Indicators
(levels and quarterly percent change)**

	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4
New Housing								
Building permits, units, thousands	223.8	233.2	239.8	236.0	219.5	247.3	244.1	241.2
% change	-14.7	4.2	2.8	-1.6	-7.0	12.7	-1.3	-1.2
Housing starts, total, thousands	247.3	228.9	215.8	224.5	225.8	227.5	243.7	214.0
% change	10.0	-7.4	-5.7	4.0	0.6	0.8	7.1	-12.2
Housing starts, singles, thousands	131.4	121.4	120.0	117.0	117.3	118.1	121.2	117.3
% change	7.4	-7.6	-1.2	-2.5	0.3	0.7	2.6	-3.2
Housing starts, multiples, thousands	115.9	107.5	95.8	107.5	108.5	109.4	122.5	96.7
% change	13.1	-7.2	-10.9	12.2	0.9	0.8	12.0	-21.1
Housing completions, total,	49,321	51,784	60,015	54,827	46,516	50,517	56,042	55,814
% change	-9.3	5.0	15.9	-8.6	-15.2	8.6	10.9	-0.4
New house price index, 1997=100	135.4	140.1	145.2	147.2	148.7	151.9	155.0	156.1
% change	2.3	3.4	3.7	1.4	1.0	2.2	2.1	0.7
Existing Housing								
MLS [®] resales, units, thousands	123,516	121,144	118,286	120,824	129,365	133,756	129,451	n.a.
% change	0.3	-1.9	-2.4	2.1	7.1	3.4	-3.2	n.a.
MLS [®] average resale price, \$C	267,543	277,164	278,980	284,402	295,021	304,628	310,499	n.a.
% change	3.4	3.6	0.7	1.9	3.7	3.3	1.9	n.a.
Mortgage Market								
1-year mortgage rate, per cent*	5.90	6.37	6.47	6.37	6.47	6.83	7.05	7.27
5-year mortgage rate, per cent*	6.40	6.82	6.83	6.60	6.60	7.01	7.22	7.46
Residential Investment**								
Total, \$1997 millions	80,344	79,326	78,038	77,992	79,511	80,696	81,708	n.a.
% change	2.3	-1.3	-1.6	-0.1	1.9	1.5	1.3	n.a.
New, \$1997 millions	38,841	38,409	37,145	36,223	36,302	36,732	37,631	n.a.
% change	3.0	-1.1	-3.3	-2.5	0.2	1.2	2.4	n.a.
Alterations, \$1997 millions	29,264	29,372	29,764	30,496	31,040	31,212	31,580	n.a.
% change	1.3	0.4	1.3	2.5	1.8	0.6	1.2	n.a.
Transfer costs, \$1997 millions	12,388	11,800	11,492	11,708	12,532	13,032	12,828	n.a.
% change	2.4	-4.7	-2.6	1.9	7.0	4.0	-1.6	n.a.
Deflator, 1997=100	121.1	124.3	126.9	128.6	130.7	133.2	134.8	n.a.
% change	2.1	2.6	2.0	1.4	1.6	1.9	1.2	n.a.

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

n.a. Data not available.

* All indicators are seasonally adjusted and annualized except the New house price index and the Residential Investment deflator which are only seasonally adjusted and Housing completions and the 1-year and 5-year mortgage rates which are not adjusted or annualized.

** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.

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