HOUSING MARKET OUTLOOK

Montréal CMA

Canada Mortgage and Housing Corporation
Date Released: Spring 2008

Favourable environment despite troubles south of the border

Since the beginning of the subprime mortgage crisis, bad news has been piling up for the U.S. economy. Job losses are accumulating, real income is decreasing, the real estate sector is in a recession, and the confidence of U.S. consumers is greatly deteriorating. And, the United States may be experiencing the worst credit environment in recent memory. Given the uncertainty surrounding the current liquidity crisis, banks have curtailed their riskier financing activities in order to maintain maximum flexibility to face potential losses. However, the U.S. economy rests heavily on credit. If this crisis persists, the recovery could be longer in coming.

Still, a few factors are supporting a recovery in the United States. First of all, investments are increasing, and the depreciation of the greenback observed in recent months is giving a boost to net exports, which are also currently on the rise. In addition, the fiscal plan put in place by the U.S. government should help stimulate consumption among our neighbours to the south. Lastly, the monetary easing by the Fed and the resulting decrease in long-term interest rates are also supporting an economic recovery, to the extent that consumer credit becomes more affordable.

In the Montréal census metropolitan area (CMA), employment will continue to grow in 2008. The service sector should support this growth, while the manufacturing sector will remain shaky. Employment growth should be 1.4 per cent, which is more modest than the gain of 2.5 per cent observed in 2007. In fact, this was confirmed by the results for the first quarter of 2008. Full-time positions rose by 3.4 per cent over the same period last year, while part-time jobs fell by 6.0 per cent. As a result, net employment growth was 1.5 per cent.

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All age groups benefited from this increase, especially the group aged from 15 to 24 years, for which the growth reached 3.5 per cent. The employment gains were 0.7 per cent for the group aged from 25 to 44 years and 2.0 per cent for the group aged from 45 to 64 years. However, it is important to point out that, even with this growth, 4,200 jobs (seasonally adjusted rate) were lost in the first quarter of 2008, compared to the preceding quarter, and that the seasonally adjusted rate of unemployment rose from 6.9 per cent to 7.2 per cent.

In 2009, the more difficult economic conditions will continue to hold back employment growth in the Montréal CMA, particularly in the manufacturing sector. Given these conditions, employment will grow by 1.0 per cent across the CMA in 2009.

According to a recent Statistics Canada study based on the 2006 Census, the median earnings(in 2005 constant dollars) of full-time workers in Quebec decreased by 0.3 per cent between 2000 and 2005 (from $37,836 to $37,722). Over the same period, the average price of properties increased by 51 % per cent. In short, the cost of buying a property went up significantly while, during the same period, the income of most workers went down, which made homes less affordable. It is true that financing conditions have been very favourable since the beginning of the current decade, which partly countered the strong increase in home prices. However, the low borrowing costs did not fully offset the higher prices, as evidenced by the Desjardins Affordability Index, which shows that affordability in Quebec has declined considerably since reaching a peak in 2002. Inevitably, this makes affordable homes more attractive, explaining the current popularity of condominiums and the vigorous housing market activity in the suburbs.

Various demographic factors will contribute to driving up housing demand over the coming years. Firstly, the higher immigration targets set by the Quebec government will support an increase in international migration in the Montréal CMA. Secondly, moves out West should decrease slightly, on account of the rise in the cost of living in that part of the country. Even though economic growth is still quite enviable, it is no longer as attractive for people from Quebec to head out to the Western provinces to work, given the high costs, particularly for housing, that they must assume once they get there. Lastly, the difficult times experienced by the manufacturing sector, very present in the regions, could cause some workers in this sector to come to the Montréal CMA to find jobs. This will contribute to reducing the net flow of people leaving the CMA for other regions in the province, as has been the case for a few years now. As a result, net migration in the CMA will reach 15,600 people in 2008 and then rise again to 17,600 people in 2009.

Finally, mortgage rates will remain relatively flat. Posted mortgage rates eased by about 50 basis points in the first four months of this year, although rates in late April were 30 to 35 basis points higher than they were 12 months prior. Mortgage rates are expected to trend marginally lower throughout 2008, but will be within 25-50 basis points of their current levels. For 2009, posted mortgage rates will begin to drift up slightly as the year progresses. For 2008 and 2009, the one-year posted mortgage rate is forecast to be in the 6.50-7.50 per cent range, while three- and five-year posted mortgage rates are forecast to be in the 6.75-7.50 per cent range.

Given the uncertainty related to the financial crisis in the United States, the confidence of Quebec consumers has weakened considerably in recent months. On average, 49 per cent felt that it was a good time to make a major outlay for items such as a home, compared to 54 per cent in the previous quarter. It should be mentioned, however, that this percentage rose slightly above the 50-per-cent mark in February and March after having fallen to 45 per cent this past January. However, with the housing market still growing, the unemployment rate low, the inflation rate within the target range and interest rates on the decline, consumer confidence should remain at its current level over the coming quarters.

RESALE MARKET

Resale market robust and still favouring sellers

In 2007, 43,543 transactions were registered on the Montréal resale market, for the highest level since

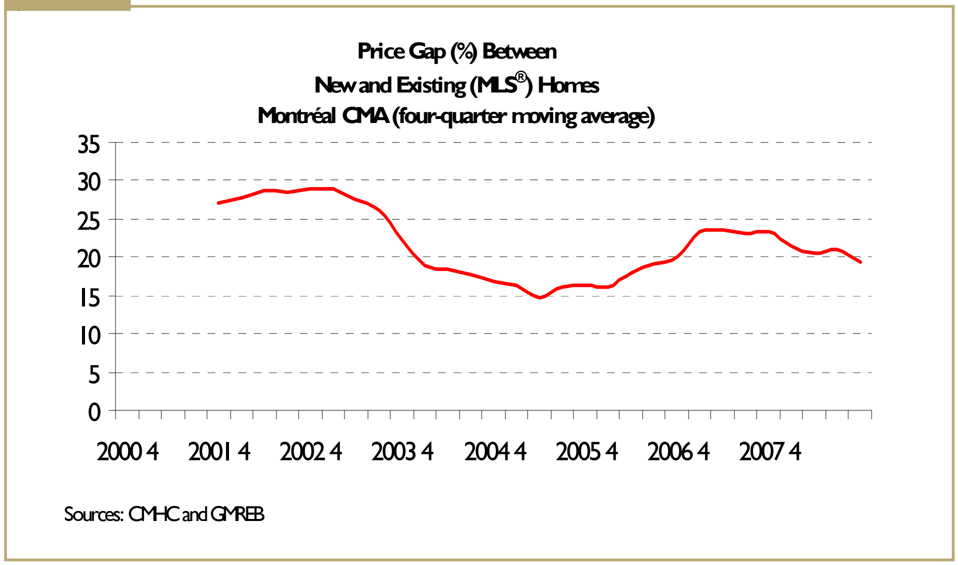
1993. This record was set thanks to the major increase in condominium resales, which rose by 20 per cent between 2006 and 2007.

The level of activity registered in 2007 will be difficult to sustain, even though the historically low mortgage rates continue to support an active resale market. Other macroeconomic factors, including less rapid employment growth in the CMA, will act as a counterbalance and bring about a slowdown on the resale market, which will however remain active.

It must be noted that existing properties may be difficult to access, especially for first-time home buyers. Between 1997 and 2007, the average selling of properties (in current dollars) increased by 72 per cent, which is appreciable. As a result of the successive price hikes, even new homes, which used to be priced well above existing homes, have become relatively more affordable, and therefore more competitive with properties on the resale market. While, in the first quarter of 2002, the price difference between new and existing homes was 29 per cent (four-quarter moving average), this gap considerably narrowed and was estimated at 19 per cent in the fourth quarter of 2007 (see Figure 1).

In fact, given these price increases on the Montréal CMA resale market, it came as no surprise that many buyers headed out to more affordable zones off the Island of Montréal.

Figure 1



Single-family houses to register a decrease in transactions

Several factors are pointing to a slowdown in existing single-family home sales, with the first being the price level.

Between 2006 and 2007, the average selling price of single-family houses rose once again by 7 per cent after having registered steady gains in previous years. As a result, in 2007, this price reached $253,340, which, in real terms, corresponds to five times the net income of a family unit*. In the year 2000, the average price of single-family homes was equivalent to only three times the net income of a family unit in the CMA.

Single-family houses selling for under $200,000 are getting scarcer. In 2007, 58 per cent of these homes sold in the metropolitan area were priced at $200,000 or over. On the Island of Montréal, this proportion was 86 per cent. It is therefore not surprising that more and more single-family home sales take place in the suburbs, where the average prices are lower. In 2007, the vast majority (78 per cent) of single-family house transactions occurred off the Island, compared to 72 per cent in 1997.

This search for affordability is also apparent in the growing popularity of condominiums. In fact, condominium sales registered in the Montréal CMA accounted for only 14 per cent of the volume of transactions in 1997, compared to 27 per cent last year. In addition, in the most expensive sector of the CMA, namely, the Island of Montréal, 44 per cent of the properties sold last year were condominiums, versus 30 per cent in the year 2000. Also, it should not be forgotten that the construction of less expensive semi-detached and row houses is going well and that starts of these homes are expected to rise in 2008.

Consequently, the number of more affordable homes available on the market will increase, and these new homes will provide competition for existing homes.

Still, single-family houses will continue to be the most sold type of property on the Montréal resale market. In 2008, 25,300 single-family home resales are anticipated, for a decrease of 6 per cent from 2007. In 2009, sales of this type should decrease by 2 per cent, reaching 24,700 transactions.

As for active listings of single-family houses in the Multiple Listing Service (MLS)® system, the downward trend that began in 2007 will continue. In 2008, there should be an average of 11,143 single-family homes listed in the MLS® system, or 5 per cent fewer than in 2007. In 2009, listings of this type will remain practically stable (-1 per cent), in comparison with 2008.

While the single-family home market segment will stay strong, the decrease in activity will be reflected in the prices, which will rise by 5 per cent in 2008 and by 4 per cent in 2009. It will therefore cost an average of $266,000 to buy a single-family house this year and approximately $276,600 in 2009. The single-family home segment will remain a seller's market, given the continued appeal of properties of this type.

Condominium market to remain active

The condominium resale market segment had an exceptional year in 2007, with sales surpassing the 10,000-unit mark. The popularity of this housing type is undeniable, as transactions increased by 20 per cent over 2006, for the greatest hike among all market segments.

However, the record results achieved in 2007 will be difficult to repeat, even with appeal of condominiums. Just like for single-family homes, the average selling price of condominiums rose significantly, such that these dwellings may be less accessible than before for some buyers. In fact, the average selling price of condominiums on the Island of Montréal is higher than the average price of single-family houses in the suburbs. Still, condominiums will remain appealing, particularly among tenants who are better off (that is, those paying more than $900 a month on the traditional rental market), as, with this housing type, they can access homeownership without having to assume much higher housing costs.

It is a totally different story for the average tenant. For someone who pays around $650 a month to rent a two-bedroom apartment, buying a condominium is more costly since, for several years now, the typical monthly mortgage payment for an average-priced condominium can be twice as high as the average rent for traditional rental units.This major price difference (between renting and owning a condominium) could mean that some potential buyers will hold off on buying a condominium. Also, this difference should be maintained in the near future, since, as will be seen later, both the average rent for traditional rental units and the typical monthly mortgage payment for a condominium will rise only slightly. This is because, as will also be seen further on, the average price of condominiums is expected to grow moderately and interest rates should decline.

This gap also explains why, on the traditional rental market, the vacancy rate for upper-range apartments (renting for more than $900 a month) has been higher than the average rate, for several years now. The tenants of these apartments, given their financial means, are much more likely to access homeownership, often by purchasing a condominium.

In 2008, 11,600 condominiums will be sold on the Montréal resale market, down by 3 per cent from 2007. In 2009, condominium sales will fall again (-1 per cent), reaching 11,200 transactions. Still, this market segment will remain strong, notably because condominiums suit smaller households, composed of one or two persons, which registered a growth rate above the average for all

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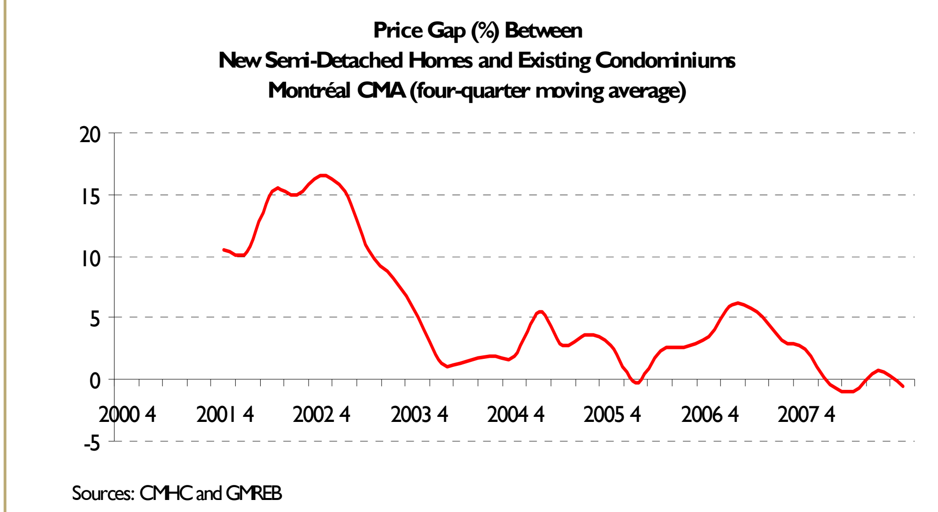
* The average net income of family units in the Montréal CMA was $44,400 in 2000 and $46,400 in 2005 (in 2005 constant dollars). In current 2008 dollars, the net income for 2000 corresponds to $42,274, and the net income for 2005, to $49,403.

households combined between 2001 and 2006. In fact, the 2006 Census results show that, in the Montréal CMA, the total number of households rose by 8 per cent, while one-person households increased by 10 per cent, as did two-person households.

And, while condominiums are still the most affordable housing type on the resale market, buyers can now find less expensive dwellings on the new home market, namely, semi-detached or row houses. For the last few years, the price gap between new semi-detached homes and existing condominiums has been narrowing. In the fourth quarter of 2001, this gap stood at 17 per cent. This difference became nil in the first quarter of 2007 and, during the fourth quarter of last year, fell to -1 per cent, meaning that existing condominiums had become more expensive than new semi-detached houses (see Figure 2). This could be making condominiums less attractive to some buyers.

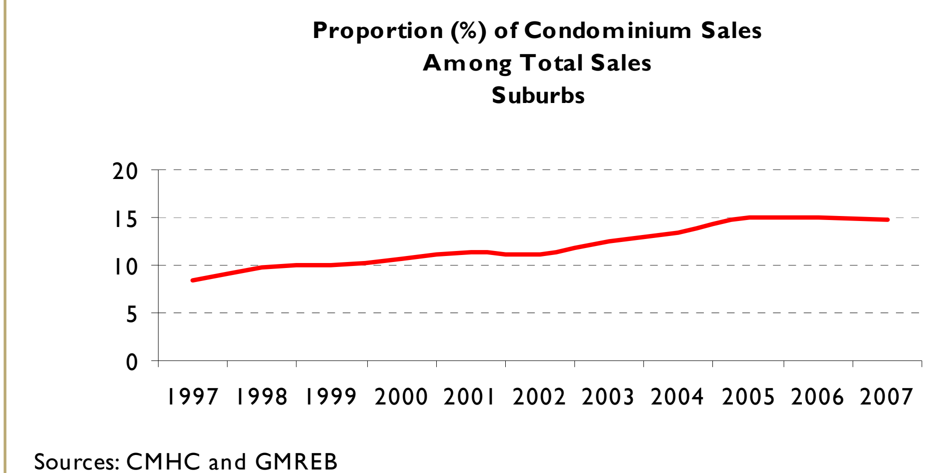
In 2008, 11,600 condominiums will be sold on the Montréal resale market, about the same volume as in 2007. In 2009, condominium sales will fall (-3 per cent), reaching 11,200 transactions. Still, this market segment will remain strong, notably because condominiums suit smaller households, composed of one or two persons, which registered a growth rate above the average for all households combined between 2001 and 2006. In fact, the 2006 Census results show that, in the Montréal CMA, the total number of households rose by 8 per cent, while one-person households increased by 10 per cent, as did two-person households.

Figure 2



Sources: CMHC and GMREB

Figure 3



Sources: CMHC and GMREB

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This year and next year, the different geographic sectors in the CMA could show varying results. In fact, it is quite possible that condominium sales will register increases in certain zones in the suburbs, especially in the outlying suburbs, even though activity should decline for the metropolitan area overall.

Certain demographic factors are supporting an increase in condominium sales in the suburbs. The population is growing in several suburban municipalities, particularly thanks to the influx of former Island of Montréal residents, which could bring about an increase in sales of properties in general, and therefore condominiums. Once a very urban housing type, condominiums have now gained a foothold in the suburbs. While they accounted for 9 per cent of all home sales in the suburbs in 1997, this proportion had risen to 15 per cent in 2007 (see Figure 3).

Also, the average selling price of condominiums is lower in the suburbs than in the overall CMA. In 2007, while condominiums were selling for an average of $253,340 across the CMA, the average prices were between $78,000 and $108,000 lower off the Island.

In 2008 and 2009, the average selling price of condominiums will rise by 4 per cent, reaching about $221,500 this year and $230,400 next year in the CMA. These price increases, although well below the hikes registered in this market segment at the beginning of the current decade, will still be above the anticipated rate of inflation. The inventory of condominiums for sale is relatively large and will not decrease. The supply will therefore remain interesting for buyers and will also have a moderating effect on prices. However, with the strength of the demand for condominiums, this segment will retain its seller's market classification.

Plex transactions expected to decrease

Plex sales will fall by 4 per cent to 4,900 transactions in 2008 and then decrease again, by 2 per cent, in 2009, reaching 4,800 transactions. Sales will decline as the expected increase in the vacancy rate on the traditional rental market will make plexes slightly less attractive. The supply of plexes, on the other hand, should remain stable in 2008 and decrease by 1 per cent in 2009. Even though sales will fall, the stable supply will keep this segment favourable to sellers.

The average selling price of plexes will continue to climb, reaching $345,454 in 2008, or 5 per cent more than in 2007, and then $359,272 in 2009, for an increase of 4 per cent over 2008.

In 2008, 41,800 property resales will be registered in the MLS® system, for a decrease of 4 per cent from 2007. In 2009, 40,700 transactions will take place on the Montréal resale market, or 3 per cent fewer than in 2008.

NEW HOME MARKET

Residential construction to stay robust despite a decline

Although activity is expected to slow down this year and next year, residential construction will remain robust in the Montréal CMA as, for the seventh and eighth years in a row, more than 20,000 units will be added to the housing stock. Starts will therefore fall by 3 per cent this year and by 2 per cent in 2009 to 22,600 and 22,200 units, respectively. Given the better economic performance anticipated in 2009 and the start of construction on a major diversified housing development in the southwest sector, the decline will be less pronounced next year.

Despite the fact that economic growth and job creation will not be as strong as last year, the residential construction sector is in good health overall, which will lead to significant activity in 2008 and 2009.

Demand for homeowner (freehold and condominium) housing remains vigorous, and the number of months required to absorb the new unoccupied units and the units under construction, that is, the duration of supply, was around six months at the end of March 2008. In addition, the GST cut and the more rapid increase in prices on the existing home market than on the new home market favour this last market.

The picture is not quite as bright for the rental market. While the vacancy rate is rising gradually and remains historically low, a review of the data reveals that the proportion of unoccupied upper-range traditional rental housing units and retirement apartments is higher and growing faster than the average for the overall CMA. As well, the duration of supply for new rental dwellings, which is generally longer than for homeowner housing, started to increase again in the second half of 2007, rising from 15 months in July 2007 to just under 21 months this past March.

Consequently, in 2008 and 2009, rental housing starts will decrease more significantly than homeowner housing starts. As for affordable homes, they will do very well, as activity should increase in this niche.

The results for the first three months of the year indicate that starts in the Montréal CMA were up by 26 per cent over the corresponding period in 2007. Even if residential construction has been doing very well since the beginning of the year, the pace will slow down over the coming months, all the more so since strong increases had been registered in the second (+21 per cent) and third quarters (+41 per cent) of 2007. Already, this past April, starts recorded a decrease of 17 per cent, which brought the year-to-date growth down to 10 per cent.

Affordable homes will continue to stand out

While the price gap between new and existing homes had been on the rise since 2005 (23 per cent in 2006), this difference fell to 18 per cent in 2007, in part because the construction of affordable homes, namely, semi-detached and row houses, was very strong and continued to gain some ground. In 2007, starts of semi-detached and row homes jumped up by 35 per cent, whereas single-detached home starts went up by 3 per cent, such that the proportion of semi-detached and row homes out of all freehold housing starts rose from 16 per cent in 2006 to 19 per cent in 2007.

As mentioned earlier in this report, prices have risen considerably in recent years in the Montréal area, and builders are developing affordable homes, for which there is a growing demand. The purchase of a new semi-detached or row home is an interesting option for households who have limited financial means. It should be noted that the gap between the average prices of new semi-detached homes and single-detached houses is around 46 per cent, which corresponds to nearly $100,000. As well, there is practically no price difference between new semi-detached houses and existing condominiums.

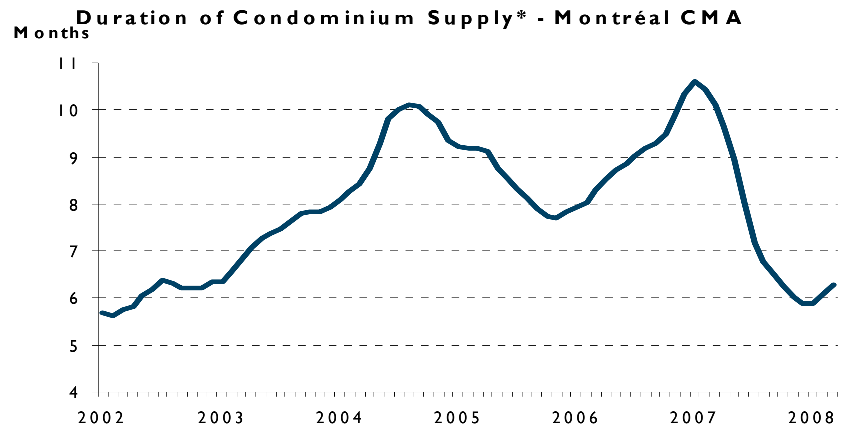
Even if the construction of semi-detached and row homes will be less vigorous than in 2007, such houses will continue to stand out, as starts are expected to increase by 14 per cent this year, for the strongest gain among all housing types. As such, foundations will be laid for 2,200 semi-detached and row homes in 2008 and about as many in 2009.

As for single-detached houses, the downward trend that began a few years ago will continue. Given that these houses are more expensive and that the population is getting older, the need for smaller homes is growing. Consequently, there will be fewer single-detached housing starts, with anticipated decreases of 9 per cent in 2008 and 1 per cent in 2009. In all, 7,300 single-detached houses will be added to the Montréal CMA housing stock this year and 7,200, next year. In line with the trend observed in recent years, most of the new single-detached, semi-detached and row homes will be started in the suburbs, especially on the North Shore and the South Shore, partly because the average prices of new homes are lower there than on the Island of Montréal or in Laval.

In 2008 and 2009, buyers will favour affordable homes. Therefore, because of this shift in demand, the absorption price of single-detached houses will rise more moderately. It should be mentioned that the average absorption price of new single-detached homes is relatively high, having reached $326,600 in the first quarter of 2008, up by 5 per cent over the same period in 2007. Such a price hike is not expected to last throughout 2008. This year, the price of a new single-detached house should reach $319,400, or 3 per cent more than in 2007. In 2009, this price should again rise by 3 per cent, attaining $329,000.

As for semi-detached houses, their average absorption price was already $231,400 in the first quarter of 2008, for an increase of 10 per cent over the same period in 2007. During 2008, the price of a semi-detached home should be $224,100, or 5 per cent more than in 2007. In 2009, this price should once again rise by 5 per cent and reach $235,300. These price increases may seem modest, considering the popularity of semi-detached homes, but it should not be forgotten that starts of such houses registered a strong increase recently. The rise in supply will therefore have a moderating effect on prices.

Figure 4



Source: CMHC
* Number of months required to absorb the unoccupied units and 50% of the units under construction (six-month moving average)

Condominium construction to post two good years

After having registered a gain of 14 per cent for the first nine months of 2007, condominium construction ended the year on a rather sour note. In fact, in the last quarter of 2007, activity was particularly sluggish, as starts fell by 45 per cent, which totally offset the increase recorded over most of the year. If condominium starts declined by 9 per cent in 2007, it was not because this market was doing poorly. Demand, or absorption, for this housing type remained strong and rose by more than 43 per cent, and the inventory of new unoccupied condominiums fell by nearly 39 per cent. Throughout 2007, the duration of supply[1] decreased, falling from almost one year at the end of 2006 to half of that at the end of 2007[2].

Since the condominium segment is more volatile on account of the size of the projects, the decrease in activity noted at the end of 2007 may have been due to a combination of circumstances (negotiations with different stakeholders, zoning, decontamination, etc.) rather than to the actual market conditions. A number of condominium projects have been announced and, according to several sources, pre-sales are going well. Developers are offering affordably priced units and courting young households and individuals not only in the central sectors of the Island of Montréal[3] but also on the suburbs.

After registering three consecutive annual decreases, condominium starts will post renewed growth this year. Foundations will be laid for a total of 7,700 condominium units this year, for an increase of 5 per cent over 2007, and activity will be just as strong in 2009.

Rental housing construction to slow down

In 2007, rental housing starts rose by 7 per cent on account of the vigorous activity in the retirement

[1] Number of months required to absorb the new unoccupied units and 50 per cent of the units under construction.
[2] It should be noted that the difficult situation that prevailed in the downtown sector was corrected. Thanks to a renewed demand and a 66-per-cent decline in starts, the duration of supply had decreased to about eight months at the end of March 2008 from close to two years at the beginning of 2007.
[3] Affordable sectors such as the boroughs of Mercier–Hochelaga-Maisonneuve, Rosemont–La-Petite-Patrie, Rivière-des-Prairies and Pointe-aux-Trembles were very active in 2007.

Figure 5

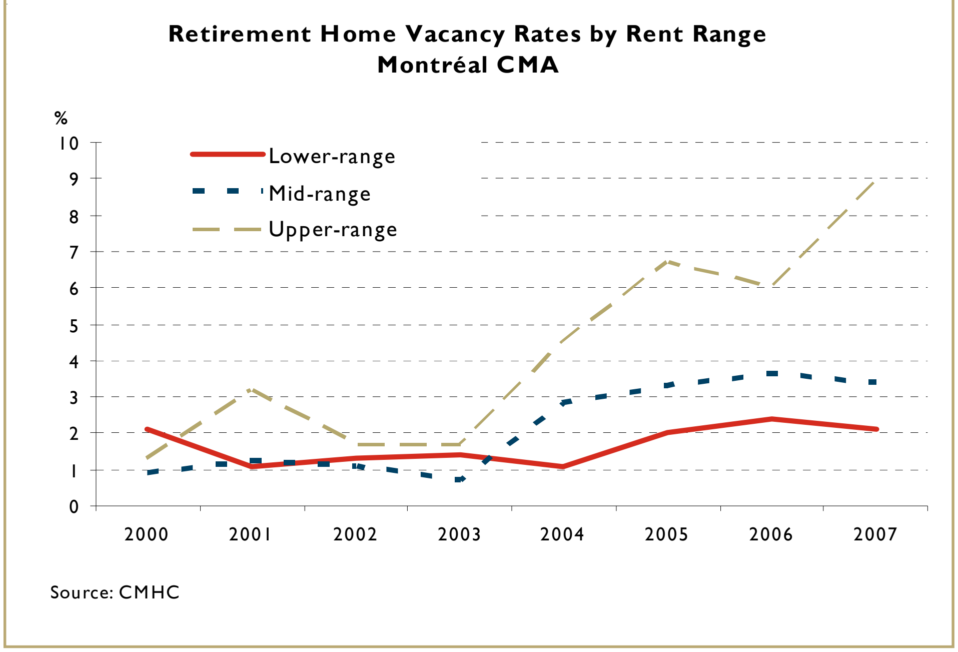
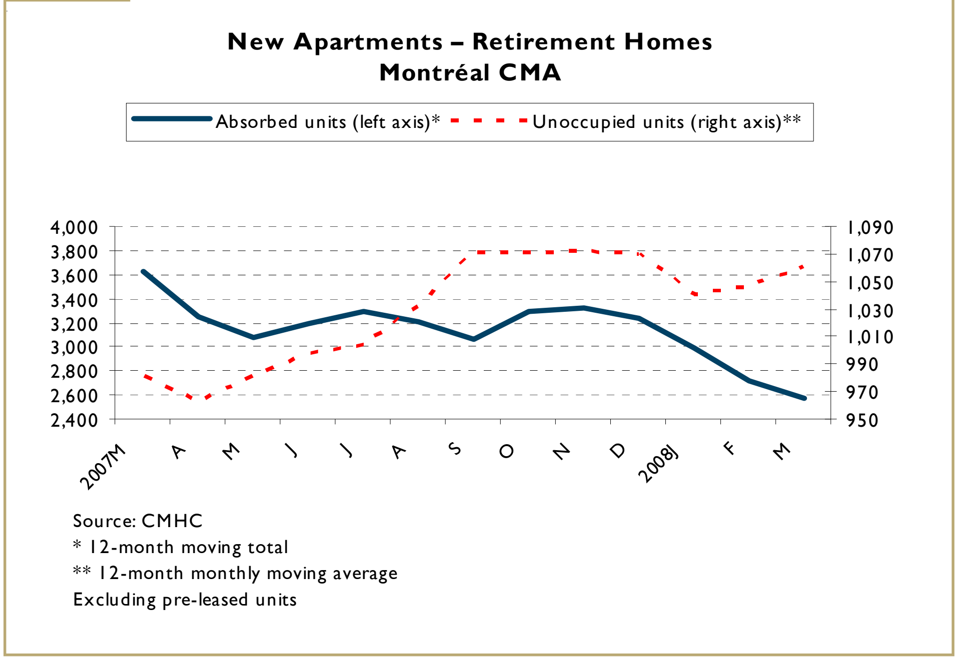


Figure 6



home segment. Despite the fact that the vacancy rate is rising in this market segment and that the rate of growth of the population aged 75 years or older is bound to slow down by 2011, interest in this market is undeniable. In fact, 2007 saw the greatest activity since 2001, as foundations were laid for just over 3,200 units, for an increase of 34 per cent over 2006. As well, 2008 got off to a strong start, with nearly 1,100 new units getting under way from January to March. In only three months, one third of the level of activity registered for all of 2007 has already been reached.

In addition to the increase in the vacancy rate, mainly in the upper-range category, there are other signs pointing to a slowdown in retirement home construction. New projects are taking longer to stabilize, as demand has weakened, and new unoccupied units have tended to accumulate slightly since the beginning of 2007, which means that they are not finding takers as fast. Also, nearly 4,500 apartments are currently under construction and will be put up for rent in the short term.

The traditional rental market is also easing, but to a lesser extent than the retirement home market, and more so in the upper-range category[4]. With the rents for units in this category often similar to monthly mortgage payments, tenants of such dwellings are more likely to become homeowners.

[4] More than $900 per month for an apartment.

Rental housing demand will therefore not be sufficient to take up all the units that will be built and the ones that will be vacated by households accessing homeownership. Consequently, the number of unoccupied units will continue to increase, which should normally slow down rental housing construction. In all, 5,400 rental dwellings will be started this year, or 9 per cent fewer than in 2007, and the decline will continue in 2009, when 5,100 starts are expected (-6 per cent).

RENTAL MARKET

Vacancy rate to keep rising

While net migration will improve and employment for young people aged from 15 to 24 years is doing better, this will not be sufficient to fill the units that will be vacated by tenants leaving to access homeownership. Even though rental housing construction will slow down in 2008, more new units will arrive on the market in 2008 than in 2007, as a result of the increase in rental housing starts registered in 2007. The vacancy rate for traditional rental housing will therefore continue to increase gradually, rising from 2.9 per cent in 2007 to 3.1 per cent in 2008 and then to 3.3 per cent in 2009.

Consequently, the average rent for two-bedroom apartments will increase by just 2 per cent in 2008 and 2009, reaching $660 this year and then $675 in 2009.

The retirement apartment market will be harder hit. Given that nearly 6,000[5] apartments will arrive on the market within the next two years, that many of these units will be in the upper-range category, that new apartments are finding takers less rapidly and that the growth in the population aged 75 years or older is bound to slow down by 2011, the vacancy rate should be expected to keep rising in this market segment, and faster than for traditional rental housing.

[5] There are 4,500 apartments currently under construction, and around 1,500 apartments contained in retirement homes that are now in operation will be added to the universe of the next retirement home market survey.

Forecast Summary
Montréal CMA
Spring 2008

	2005	2006	2007	2008f	% chg	2009f	% chg
Resale Market*							
S.I.A.® /MLS® Sales	38,654	38,792	43,543	41,800	-4.0	40,700	-3.0
S.I.A.® /MLS® Active Listings	19,876	21,918	20,900	20,303	-3.0	20,094	-1.0
S.I.A.® /MLS® Average Price ($)	223,184	236,968	251,504	263,300	5.0	273,600	4.0
New Home Market							
Starts:							
Single-Detached	8,544	7,793	8,013	7,300	-9.0	7,200	-1.0
Multiples	16,773	15,020	15,220	15,300	1.0	15,000	-2.0
Semi-Detached	970	758	922	-	s.o.	-	s.o.
Row/Townhouse	793	665	1,034	-	s.o.	-	s.o.
Apartments	15,010	13,597	13,264	-	s.o.	-	s.o.
Starts - Total	25,317	22,813	23,233	22,600	-3.0	22,200	-2.0
Average Price ($):							
Single-Detached	276,017	300,314	310,127	319,400	3.0	329,000	3.0
Semi-Detached	201,682	205,223	213,425	224,100	5.0	235,300	5.0
Median Price ($):							
Single-Detached	248,000	270,000	280,000	-	s.o.	-	s.o.
Semi-Detached	190,000	195,000	210,000	-	s.o.	-	s.o.
New Housing Price Index (% chg.)	5.0	4.2	4.3		s.o.		s.o.
Rental Market							
October Vacancy Rate (%)	2.0	2.7	2.9	3.1	0.2	3.3	0.2
Two-bedroom Average Rent (October) ($)	616	636	647	660	s.o.	675	s.o.
One-bedroom Average Rent (October) ($)	562	574	581	-	s.o.	-	s.o.
Economic Overview							
Mortgage Rate (1 year) (%)	5.80	6.30	7.35	6.95	-0.40	6.83	-0.12
Mortgage Rate (5 year) (%)	6.30	6.45	7.54	7.01	-0.53	6.97	-0.04
Annual Employment Level	1,823,500	1,856,800	1,902,600	1,929,236	s.o.	1,948,528	s.o.
Employment Growth (%)	1.0	1.8	2.5	1.4	s.o.	1.0	s.o.
Unemployment rate (%)	8.7	8.4	7.0	7.0	-	7.3	-
Net Migration (1)	16,519	13,246	14,600	15,600	7.0	17,600	13.0

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Sources: CMHC (Starts and Completions Survey, Market Absorption Survey), adapted from Statistics Canada (CANSIM), GMREB, Statistics Canada (CANSIM)
NOTE: Rental universe = Privately initiated rental apartment structures of three units and over

* Includes single-detached homes, condominiums and plexes
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(1) 2007 migration data is forecasted

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