

NORTHERN HOUSING REPORT



Canada Mortgage and Housing Corporation

Date Released: 2008

Whitehorse

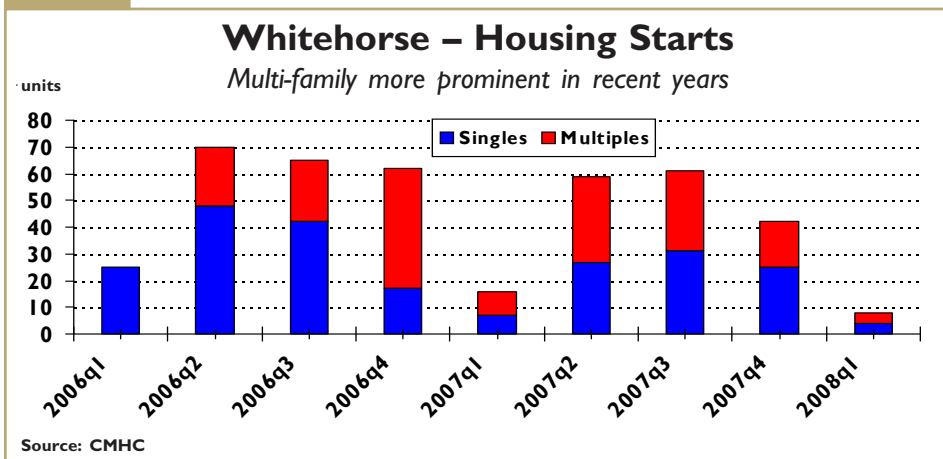
Economy

The Yukon economy grew by 3.8 per cent in 2007. This was the fourth consecutive year of economic expansion. Prospects for growth remain bright in 2008. Growth will be underpinned by consumer spending as well as continued investment in non-residential construction activity. Statistics Canada's survey of

Private and Public Investment Intentions indicates that public administration capital expenditures will rise by about 15 per cent from 2007 to 2008 while non-residential expenditures for all other industries will go up by about 21 per cent.

Continued economic growth will translate into employment growth across the Yukon including Whitehorse. Access to job opportunities as well as the demographic composition of the

Figure 1



In this Issue

1 Whitehorse

- Age structure of the population favourable for rental and home ownership demand.
- Residential construction expenditures to remain flat from 2007 to 2008.
- New construction to take place on lots already released to the market.
- Price growth to moderate from previous years.

2 Yellowknife

- The local economy experiences a moderate slowdown but resource sector remains strong.
- Increased multiple unit activity should boost housing starts.
- Resale housing will see a modest slowdown with price growth moderating.
- Rental market remains tight, putting upward pressure on rents.

3 Iqaluit

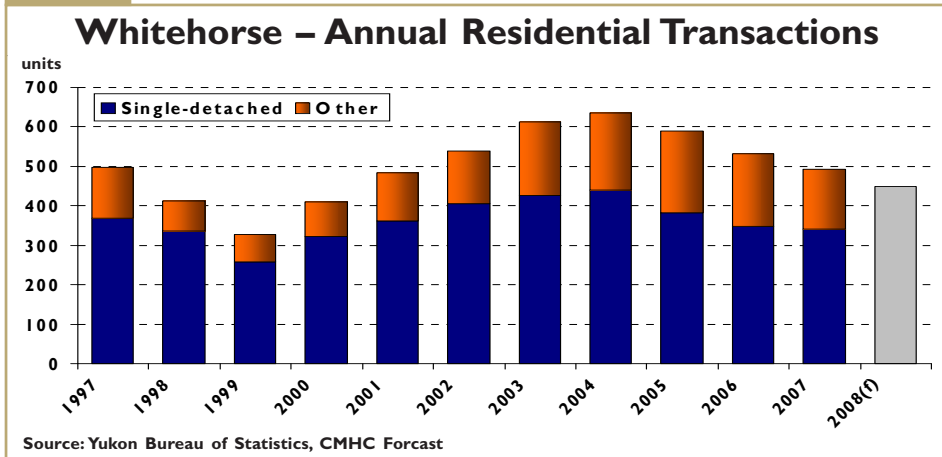
- As Iqaluit is the capital of the Territory, the government of Nunavut continued to be the primary driver of the economy in 2007.

SUBSCRIBE NOW!

Access CMHC's Market Analysis Centre publications quickly and conveniently on the Order Desk at www.cmhc.ca/housingmarketinformation. View, print, download or subscribe to get market information e-mailed to you on the day it is released.

New! CMHC's electronic suite of national standardized products is now available for free.

Figure 2



Whitehorse population will be a positive for housing demand. About half of the population of Whitehorse is between the ages of 25 to 54 years. Research by CMHC shows that rate of home ownership in the Yukon begins to escalate between the ages of 25 to 34 and peaks between the ages of 45 to 54. There is also a substantial pool of the population that primarily favours rental accommodation. About 14 per cent of the residents in Whitehorse are between the ages of 15 to 24 years. The vast majority of households headed by a person in this age range tend to be renter households. Most of the demand for housing in 2008 is expected to come from the existing pool of renters and buyers as the city will not experience major migratory inflows or outflows.

New Home Market

Total housing starts in Whitehorse declined from 222 units in 2006 to 178 units in 2007. The decline was due to lower single-detached starts which fell from 132 units in 2006 to 90 units in 2007. Multi-family starts

which include semi-detached, townhouse, and apartment units declined marginally from 90 units in 2006 to 88 units in 2007.

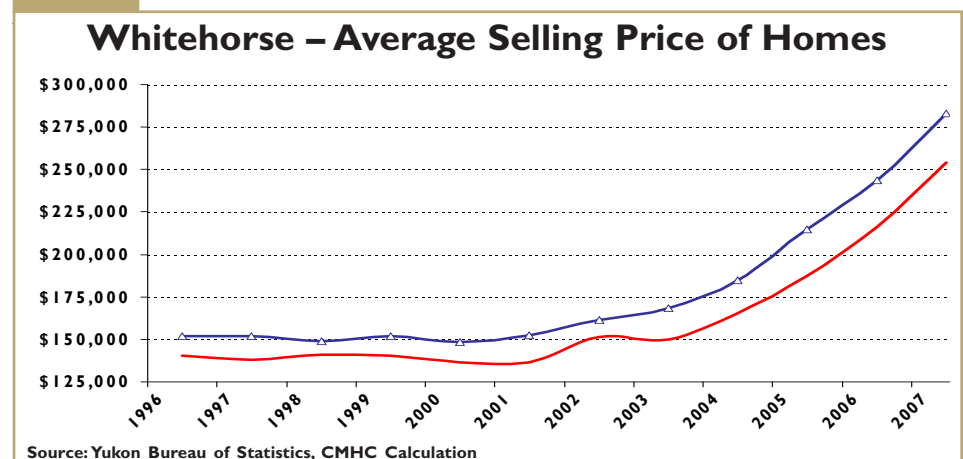
According to Statistics Canada's survey of Private and Public Investment Intentions, capital expenditures in residential construction in 2008 will match the 2007 level of \$140.2 million. The majority of these expenditures will occur in Whitehorse. While the level of expenditures may remain unchanged, the multi-family starts will achieve a greater share of activity

in 2008 compared to the previous two years.

Multi-family construction was prominent in 2006 and 2007 as builders tried to meet the needs of the first time buyer as well as the empty nester market. This trend will continue in 2008. The price point of these units will range from an entry level product of about \$200,000 to a high end of \$400,000. Total multi-family starts are forecast to reach 80 units in 2008.

Single-detached starts are forecast to continue their downward trend in 2008. While this dwelling type remains the most popular choice in Whitehorse, increased supply in the resale market and lot supply constraints to a certain extent will push single-detached starts down to 75 units in 2008. Currently, there are several proposals to bring additional lots on line. However, this additional supply will not be seen in 2008. Therefore, new construction this year will occur on lots that have already been released to the market.

Figure 3



Real Estate Transactions

The Yukon Bureau of Statistics conducts a quarterly Real Estate survey to measure all real estate transactions in the Yukon except for 'not-at-arm's-length' transactions. Residential real estate transactions declined from 537 units in 2006 to 499 units in 2007. MLS® share of total transactions increased from 53 per cent in 2006 to 62 per cent in 2007.

Through the first three months of 2008 MLS® sales have matched the level compared to the same period a year earlier. However, listings have increased and price growth is moderating. A greater selection on the market may afford some buyers a greater amount of time to make a purchase, thereby pushing some

sales activity into the latter part of this year or next year. A slight dip in MLS® sales combined with flat growth in housing starts means that residential real estate transactions will slip from 499 units in 2007 to 465 units in 2008. Price growth will also fall back in 2008. The average price is forecast to rise by 7.8 per cent in 2008 compared to 16.9 per cent in 2007.

Rental Market

The Yukon Bureau of Statistics reported that overall rental apartment vacancy rate was in March 2008 was 4.1 per cent in Whitehorse. This was the highest vacancy rate for March since 2005 when the vacancy rate was 4.2 per cent. The rental apartment universe in Whitehorse consists of slightly

over 850 units. In March 2008, one and two-bedroom units accounted for 29 of the 35 vacant units. With no significant additions expected to the supply of units, CMHC is forecasting the vacancy rate to dip throughout the year to three per cent by December 2008, although still slightly higher than the 2.8 per cent vacancy rate recorded in December 2007.

The average rent for a two-bedroom unit has been rising at a modest yet steady rate for several years in Whitehorse. In spite of the steady increase, rent levels in Whitehorse are much lower than for other northern centres such as Yellowknife, Iqaluit, as well as the northern centres in Alberta. The average rent for a two-bedroom unit is forecast to rise from \$748 in December 2007 to \$755 in December 2008.

Whitehorse Forecast Summary May 2008

	2006	2007	% Change	2008(F)	% Chg
New Home Market					
Total Starts (units)	222	178	-19.8%	155	-12.9%
Single-Detached Starts	132	90	-31.8%	75	-16.7%
Multi-Family Starts	90	88	-2.2%	80	-9.1%
Real Estate Transactions*					
Residential sales	537	499	-7.1%	465	-6.8%
Average price (\$)	219,812	256,939	16.9%	276,980	7.8%
Rental Market(Q4 Data)**					
Apartment Vacancy Rate (%)	2.1%	2.8%		3.0%	
Average Two-Bedroom Apartment Rent (\$)	741	748		755	
*MLS®+Private(source: YBS, CMHC Forecast)					
** source: YBS, CMHC Forecast					

Yellowknife

Economy

The economy of the NWT continues to benefit from strong global prices for natural resources and this will support continued activity in mineral exploration in 2008. Oil and gas extraction was expected to post record levels of activity for 2007 and the outlook for 2008 remains very positive due to record world prices for oil and improved North American natural gas prices.

Total net migration into NWT remained negative in 2007 but the net losses were lower than the volumes reported in 2005 and 2006. This allowed the Territory to post a modest gain in population associated with natural increase. Job creation slowed across the Territory in 2006 and 2007 following a four-year high in 2005. This trend has continued in the first quarter of 2008. One major change for NWT was the end of construction activity on the Snap Lake diamond mine, which moved into production phase in 2007. While this has boosted the Territory's mineral production numbers, it resulted in reduced employment since fewer workers are required to run the mine than were needed to build it.

Construction activity in Yellowknife increased in 2007 due to some major non-residential projects such as the tank farm, new office and commercial space, renovations and activities associated with the Arctic Winter Games. A slower year is expected in 2008, with a moderate improvement in residential construction countered by weaker non-residential activity.

Resale Home Market

Homes sales in Yellowknife improved for the second year in a row in 2007 reaching 456 units, for an increase of over four per cent. Resale home listings, both MLS and private, rose by 20 per cent last year and represented the highest number in three years. With few new homes under construction, demand for existing units should remain firm despite a slowdown in sales year-over-year in the first quarter. CMHC expects sales to reach 430 units in 2008, down six per cent from last year but close to 2006 numbers.

Residential resale prices rose by 11.6 per cent in 2007 to \$304,000. Part of this increase was compositional shift in the sales mix, with a lower proportion of modular unit sales compared with the previous year. In 2006, sale prices were moderated by an upturn in condo apartment sales and a rise in the proportion of single-detached homes that were modular versus stick-built units - of which the latter tend to be higher priced. A slight easing of demand will help reduce price pressures in 2008, with a typical

home selling for \$320,000, up 5.3 per cent from last year.

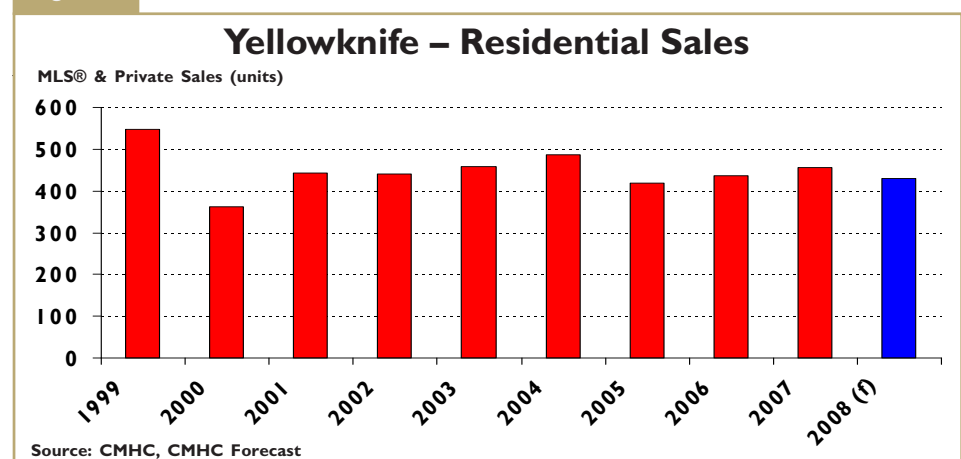
New Home Market

Following a moderate increase in 2006, total housing starts in Yellowknife fell by 27 per cent in 2007 representing the lowest level of activity since 2000. An enhanced supply of land for single-detached development coupled with higher multi-family activity will bolster total starts this year to levels approaching those reported in 2006.

Single-detached starts in 2007 fell by 13 per cent to 27 units, representing less than half of Yellowknife's annual average for the five-year period 2002-2006. A well-supplied resale market and a relatively tight supply of building sites contributed to the low output levels. Production in the first quarter remained at low levels, similar to the same period last year. While some improvements are expected in 2008, the overall numbers will remain well below the longer-term average and at best mirror activity levels in 2006.

Multiple dwelling starts dropped by 39 per cent in 2007 to 20 units following

Figure 1



a strong resurgence in 2006. A tight rental market should offer some incentive to developers to bring on more units, particularly apartments. Starts this year of semi-detached, row and apartment units combined are forecast to reach 35 units, representing the best year for multi-family starts since 2004.

Rental Market

Due to a high demand for all types of housing in Yellowknife combined with a low amount of rental construction, the apartment vacancy rate dropped from 3.3 per cent in October 2006 to 1.2 per cent in October 2007. This is the first decline in more than five years, when the vacancy rate for apartment units fell from one per cent in 2001 to 0.3 per cent in 2002. Expect further declines in apartment vacancies this year due to the low level of multi-family completions anticipated in the months ahead.

Despite vacancy rates declining in 2007, the average two-bedroom apartment rent fell by one dollar from its 2006 value to \$1,364. This had followed a relatively large rent increase of \$63 per month in the previous year. Some of this minimal rent changes may be the result of sample adjustments and differing response rates. CMHC expects rents for a fixed sample of structures (common to both surveys) to rise this year by close to \$36 per month for two-bedroom units to an average of \$1,400.

Figure 2

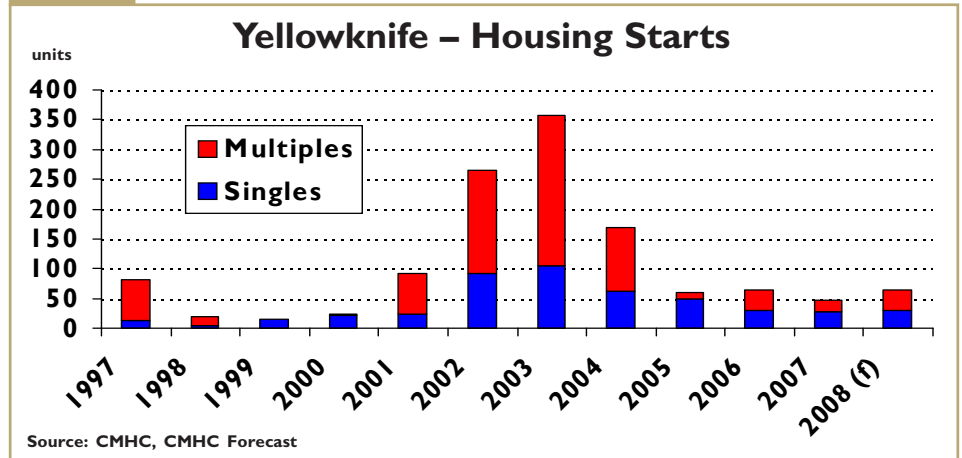
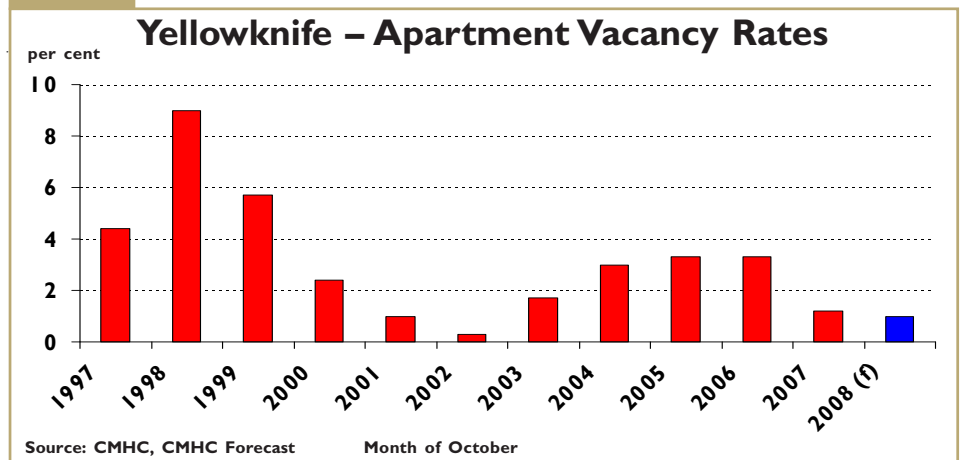


Figure 3



Yellowknife Forecast Summary May 2008

	2005	2006	2007	% Change	2008(F)	% Chg
New Home Market						
Total Starts (units)	59	64	47	-26.6%	65	38.3%
Single-Detached Starts	49	31	27	-12.9%	30	11.1%
Multi-Family Starts	10	33	20	-39.4%	35	75.0%
Resale Market*						
Residential sales	419	437	456	4.3%	430	-5.7%
Res. resale price (\$)	254,850	272,300	304,000	11.6%	320,000	5.3%
Rental Market (Q4 Data)**						
Apartment Vacancy Rate (%)	3.3%	3.3%	1.2%		1.0%	
Average Two-Bedroom Apartment Rent (\$)	1,302	1,365	1,364		1,400	
*MLS®+Private(source CMHC Forecast)						
** source: CMHC, CMHC Forecast						

Iqaluit

As Iqaluit is the capital of the Territory, the government of Nunavut continued to be the primary driver of the economy in 2007. However, the government has implemented a policy which will increase rents for their staff housing to market rental rates by January 1, 2010. This could impact the government's ability to recruit and retain staff and also impact the community's growth rate. Notwithstanding this, vacancy rates for non-social housing units remained low in the 2007 survey.

Of the 1,230 non-social housing units in the universe, only 18 were vacant

at the time of the survey, resulting in a 1.5 per cent vacancy rate. This compares with a vacancy rate of close to zero per cent in 2006. Industry participants suggest that demand continues to largely outpace supply. Developers contacted with purpose-built rental projects which are set to open in the coming year reported that all units had been leased.

Following some delays, the construction of Phase II of the new "Plateau" subdivision moved ahead in the summer of 2007, with most single-detached lots sold out along with at least two-thirds of the multi lots sold.

Phase II construction was completed in fall 2007, but too late for new residential housing starts to begin. This will keep the rental market tight in 2008, although this year should see the start of new single-detached homes in Phase II. Since the postponement of Phase II, City officials have recognized the need to better match the pace of new land development to the housing industry capacity. Construction of Plateau Phase III is not expected in 2008.

Summary of Results

In 2007, the survey revealed a rental universe of 1,650 units. Of these, 397 were social housing (public), which although identified were not included in any average rent calculations.

The majority of units (one, two and three-bedroom) recorded a modest rental increase at or below three per cent. The largest increase in average rents recorded was with four-bedroom units, where the average rent increased by nearly 18 per cent. This was due to the small sample size and some newly renovated units re-entering the market at higher rent levels. Overall, rental rates across the entire rental universe in Iqaluit continue to modestly increase.

Methodology

The purpose the CMHC survey was to identify residential accommodation in Iqaluit available for long term rental and identify as well, the current rent on those units. This survey was conducted over the six week period from early November to late December 2007. Our survey depends on developers, building owners, the two senior levels of government (Territorial and Federal) and their respective housing officials. CMHC acknowledges their hard work and assistance in providing timely and accurate information.

Rental Universe

	<u>Units</u>	<u>%</u>
Bachelors	63	3.8
One Bedroom	344	20.8
Two Bedroom	440	26.7
Three Bedroom	375	22.7
Four Bedroom	8	0.5
Four Bedroom +	23	1.4
No BR Identified (Social)	<u>397</u>	24.1
Total	1,650	

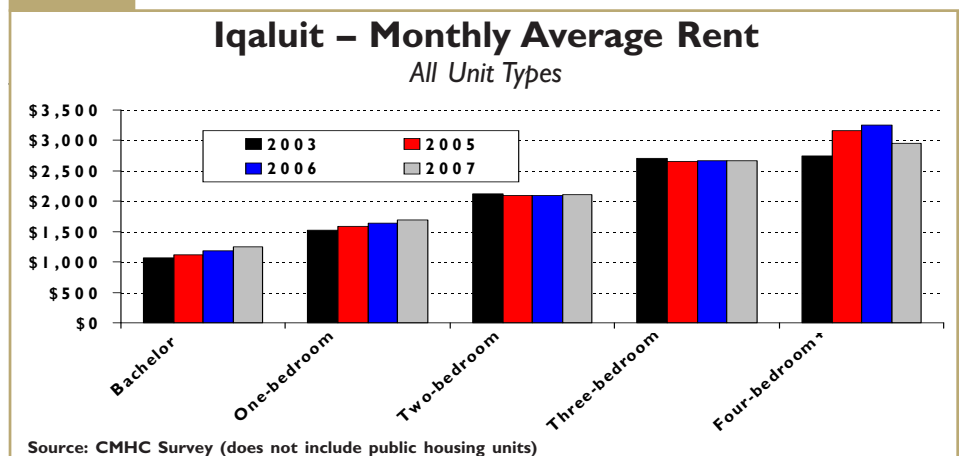
Source: CMHC

Average Monthly Rent - by bedroom type (excluding social housing)

	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Bachelors	\$1,254	\$1,188	5.6%
One-bedroom	\$1,687	\$1,635	3.2%
Two-bedroom	\$2,104	\$2,094	0.5%
Three-bedroom	\$2,669	\$2,668	-
Four-bedroom	\$3,538	\$3,000	17.9%
Four-bedroom+	\$2,953	\$3,248	-9.1%

Source: CMHC

Figure 1



Iqaluit Homeowner Market Review

The Iqaluit housing market is unique compared with most markets across Canada. Like many Nunavut communities, the majority of land, or lots, in Iqaluit are owned either by the municipality or by the Inuit. Most other lots are titled to the Municipal Corporation which subleases or issues leasehold titles for use. When the title of the lease is transferred, a price which is either the cost of development or some consideration is also given.

In 2007, 50 transfers of single-detached units were recorded in Iqaluit compared to 59 transfers in

2006. Of the 50 transfers, or residential sales, ten declared a sale value of \$1 to \$10, while 40 sales declared a sale value of between \$175,000 and \$463,500. The resulting average of residential sales priced over \$175,000 was \$335,259, representing an increase of 23 per cent over 2006 values. However, the price comparison with 2006 is somewhat skewed, as a larger portion of properties sold in 2006 were multi-family units. In comparison to 2005, the average price grew by nearly one per cent in 2007.

As Iqaluit adjusts to its role not only as a new territorial capital city, but also as an emerging market, new land

is being developed for residential and commercial use. In the new Plateau subdivision, all low-density residential lots in Phase I and II were completely sold out. This indicates strong demand for home ownership, likely a result of changes in the government of Nunavut's staff housing policies and economic growth associated with increased mining activities in the Territory.

Development is also occurring in some older sections of the city as a few in-fill building permits were issued in 2007. In 2007, \$5,923,890 worth of residential building permits was issued for both single and multi-family development.

Iqaluit Residential Sales

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Residential Sales	30	59	50
Average Price	\$332,092	\$271,898	\$335,259
Median Price	\$332,000	\$255,000	\$348,500
Avg. Price Sq. foot	\$212.54	\$196.00	\$219.23

Source: CMHC

CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 60 years.

Together with other housing stakeholders, we help ensure that the Canadian housing system remains one of the best in the world. We are committed to helping Canadians access a wide choice of quality, environmentally sustainable and affordable homes – homes that will continue to create vibrant and healthy communities and cities across the country.

For more information, visit our website at www.cmhc.ca

You can also reach us by phone at 1-800-668-2642 or by fax at 1-800-245-9274.
Outside Canada call 613-748-2003 or fax to 613-748-2016.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

The Market Analysis Centre's (MAC) electronic suite of national standardized products is available for free on CMHC's website. You can view, print, download or subscribe to future editions and get market information e-mailed automatically to you the same day it is released. It's quick and convenient! Go to www.cmhc.ca/housingmarketinformation

For more information on MAC and the wealth of housing market information available to you, visit us today at www.cmhc.ca/housingmarketinformation

To subscribe to priced, printed editions of MAC publications, call 1-800-668-2642.

©2008 Canada Mortgage and Housing Corporation. All rights reserved. CMHC grants reasonable rights of use of this publication's content solely for personal, corporate or public policy research, and educational purposes. This permission consists of the right to use the content for general reference purposes in written analyses and in the reporting of results, conclusions, and forecasts including the citation of limited amounts of supporting data extracted from this publication. Reasonable and limited rights of use are also permitted in commercial publications subject to the above criteria, and CMHC's right to request that such use be discontinued for any reason.

Any use of the publication's content must include the source of the information, including statistical data, acknowledged as follows:

Source: CMHC (or "Adapted from CMHC," if appropriate), name of product, year and date of publication issue.

Other than as outlined above, the content of the publication cannot be reproduced or transmitted to any person or, if acquired by an organization, to users outside the organization. Placing the publication, in whole or part, on a website accessible to the public or on any website accessible to persons not directly employed by the organization is not permitted. To use the content of any CMHC Market Analysis publication for any purpose other than the general reference purposes set out above or to request permission to reproduce large portions of, or entire CMHC Market Analysis publications, please contact: the Canadian Housing Information Centre (CHIC) at <mailto:chic@cmhc.gc.ca>; 613-748-2367 or 1-800-668-2642.

For permission, please provide CHIC with the following information:

Publication's name, year and date of issue.

Without limiting the generality of the foregoing, no portion of the content may be translated from English or French into any other language without the prior written permission of Canada Mortgage and Housing Corporation.

The information, analyses and opinions contained in this publication are based on various sources believed to be reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibility.



STAY ON TOP OF THE HOUSING MARKET

Enhance your decision-making with the latest information on Canadian housing trends and opportunities.

CMHC's Market Analysis Centre e-reports provide a wealth of detailed local, provincial, regional and national market information.

- **Forecasts and Analysis** – Future-oriented information about local, regional and national housing trends.
- **Statistics and Data** – Information on current housing market activities — starts, rents, vacancy rates and much more.

Free reports available on-line:

- Canadian Housing Statistics
- Housing Information Monthly
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports - Canada and Regional
- Housing Market Outlook, Major Centres
- Housing Now, Canada
- Housing Now, Major Centres
- Housing Now, Regional
- Monthly Housing Statistics
- Northern Housing Outlook Report
- Preliminary Housing Start Data
- Renovation and Home Purchase
- Rental Market Highlight Reports
- Rental Market Reports, Major Centres
- Rental Market Statistics

Free regional reports also available:

- B.C. Seniors' Housing Market Survey
- Ontario Retirement Homes Report
- The Retirement Home Market Study, Quebec Centres
- Housing Market Tables: Selected South Central Ontario Centres
- Residential Construction Digest, Prairie Centres
- Analysis of the Resale Market, Quebec Centres

Get the market intelligence you need today!

Click www.cmhc.ca/housingmarketinformation to view, download or subscribe.

Sign up today and receive CMHC's Multi-Unit e-Update Newsletter

Our quarterly e-newsletter provides valuable information and expertise on a variety of topics relating to multi-unit residential housing including market insight, housing research and the latest news on our multi-unit mortgage loan insurance products.