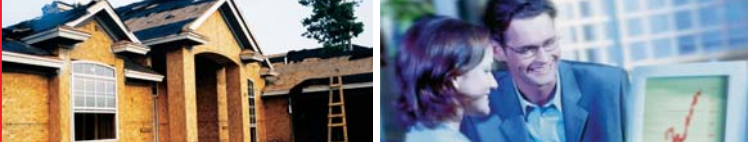


HOUSING NOW

Canada



Canada Mortgage and Housing Corporation

Date Released: March 2009

Canadian Market Overview

New Home Market

Housing starts decline in February

The seasonally adjusted annual rate¹ of housing starts was 134,700 units in February, down from 153,500 units in January.

Increased listings and reduced sales in the existing home market continue to be factors affecting Canadian home building. The volatility of the multiples segment has also played a part in the decline in total housing starts.

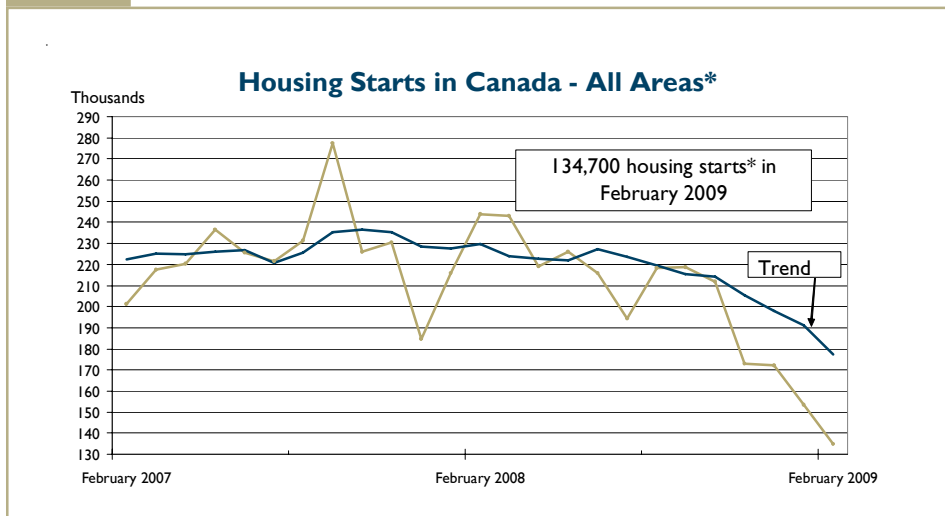
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Figure 1



Source: CMHC

* Seasonally adjusted at annual rates
Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release

¹ All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

Urban starts move lower in February

The seasonally adjusted annual rate of urban starts moderated 14.8 per cent to 107,900 units in February. Urban multiple starts eased by 17.5 per cent to 63,300 units, while urban single starts decreased 10.8 per cent to 44,600 units in February.

Urban starts up in Atlantic Canada

February's seasonally adjusted annual rate of urban starts moderated in all regions, except for the Atlantic region, where they grew by 10.8 per cent to 8,200 units. Urban starts declined by 19.6 per cent to 29,100 units in Quebec, by 19.4 per cent to 14,100 units in the Prairies, by 14.4 per cent to 44,100 units in Ontario, and by 12 per cent to 12,400 units in British Columbia.

Rural starts were estimated at a seasonally adjusted annual rate of 26,800 units in February.

Year-to-date actual starts down compared to 2008

Year-to-date actual starts in rural and urban areas combined decreased by an estimated 55.7 per cent compared to relatively high levels during the first two months of 2008. Actual urban

single starts for January and February 2009 are down 48.7 per cent compared to a year earlier while urban multiple starts are down 50.6 per cent over the same period. On a year-to-date basis, actual starts in urban areas have decreased by an estimated 48 per cent when compared to the same period in 2008.

Growth in new house prices moderates in January

The New Housing Price Index (NHPI) fell by 0.8 per cent in January compared to the previous year.

In comparing January 2009 to January 2008, double digit increases in the NHPI were limited to St. John's (24.1 per cent) and Regina (21.7 per cent). Declines were observed in Edmonton (-10.4 per cent), Calgary (-6.5 per cent), Victoria (-4.2 per cent), Vancouver (-3.2 per cent), Saskatoon (-2.7 per cent), and Charlottetown (-0.8 per cent).

Existing Home Market

MLS[®] sales increased in February

Seasonally adjusted MLS[®] (Multiple Listing Service[®]) sales increased by 8.6 per cent to 28,669 units in February,

compared to 26,388 units in January.

Actual MLS[®] sales were down 30.9 per cent to 25,373 units compared to February 2008.

MLS[®] new listings increased in February

Seasonally adjusted MLS[®] new listings in February increased by 1.6 per cent to 70,797 units, compared to 69,706 units in January.

Actual new listings are down 5.3 per cent when compared to February 2008.

Sales-to-new-listings ratio up in February

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio². New listings are a gauge of the supply of existing homes, while MLS[®] sales are a proxy for demand.

Canada's existing home market has been in sellers' territory throughout most of this decade. Lately, a declining sales-to-new-listings ratio and slowing price growth indicate existing home markets have become more balanced. The Canada-wide seasonally adjusted sales-to-new-listings ratio is in balanced market territory at 40.5 per cent in February, up from 37.9 in January.

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

²Taking the Canadian MLS[®] market as a whole, a sales-to-new-listings ratio below 40 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a buyers' market. A sales-to-new-listings ratio above 55 per cent is associated with a sellers' market. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be balanced.

The February seasonally adjusted average MLS® price in Canada was down 1.3 per cent to \$279,598 compared to January, while the unadjusted MLS® average price was down 9.1 per cent in February compared to a year ago.

The decline in MLS® average prices is due, in part, to fewer sales in the higher priced markets such as British Columbia and Alberta, where unit sales are down 43 per cent and 27 per cent, respectively, on a year-over-year basis.

Economic conditions

Across the country, employment decreased by 83,000 jobs in February 2009, lowering

Canada's employment rate to 62.2 per cent from 62.6 per cent in January. All of the employment losses were full-time and they numbered 111,000. Part-time employment increased to help offset this loss in full-time jobs. Canada's unemployment rate now stands at 7.7 per cent, up from January's 7.2 per cent rate.

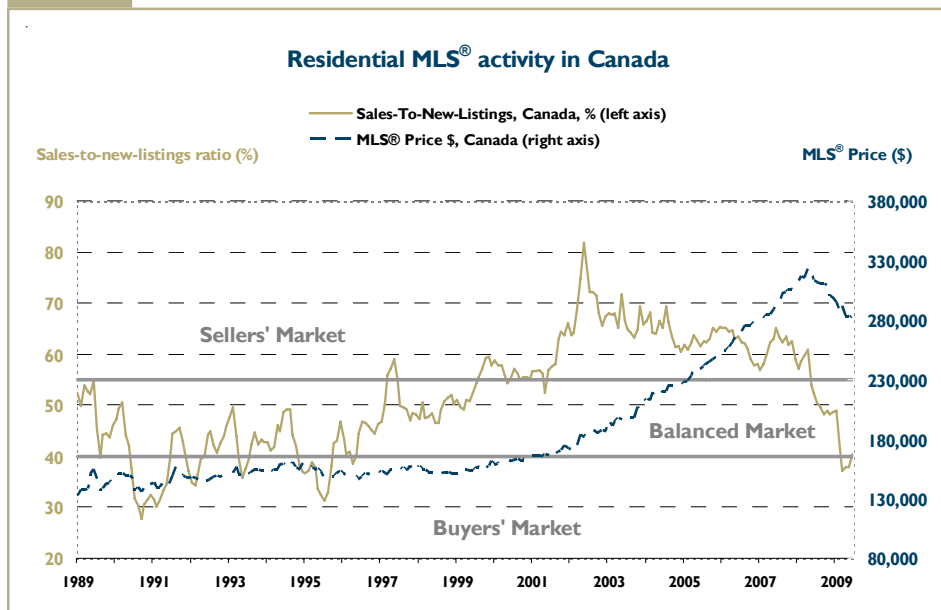
The construction sector experienced a sharp decline of 43,000 positions in February. Employment in the construction industry was up 4.9 per cent from January 2008 to October 2008; since then it has declined by 6.4 per cent.

The Bank of Canada, like other major central banks, has cut its policy interest rates. The Bank

of Canada has lowered the overnight rate to 0.5 per cent as of March 4, 2009. According to the Bank of Canada, the outlook for the global economy is uncertain and stabilization of the global financial system is a precondition for economic recovery.

The Consumer Price Index (CPI) increased by 1.4 per cent in February 2009 compared to the same month in 2008, up slightly from the 1.1 per cent increase recorded for the 12-month period ending in January 2009. On a seasonally adjusted monthly basis, consumer prices rose 0.4% from January to February.

Figure 2



Data are seasonally adjusted and annualized, and cover Canada's major markets
Sources: CMHC, Canadian Real Estate Association (CREA), MLS®

Residential Mortgage Credit Grows in 2008

Residential mortgage credit increased by 10.7 per cent in the fourth quarter of 2008 compared to the fourth quarter of 2007 to reach about \$907.9 billion.

Stable employment and income gains in the period leading up to the fourth quarter of 2008, coupled with low mortgage rates during most of 2008, fostered housing demand and growth in the mortgage market.

Short and medium-term fixed mortgage rates remained near historical lows, which helped to support Canada's housing sector.

As house prices increased over the past several years, homeowners have been able to use the value of their home to increase the amount of equity available to finance their renovation projects. Strong renovation spending continues to contribute to increasing mortgage credit growth as households tend to renovate within the first three years following the purchase of a home.

Figure 3

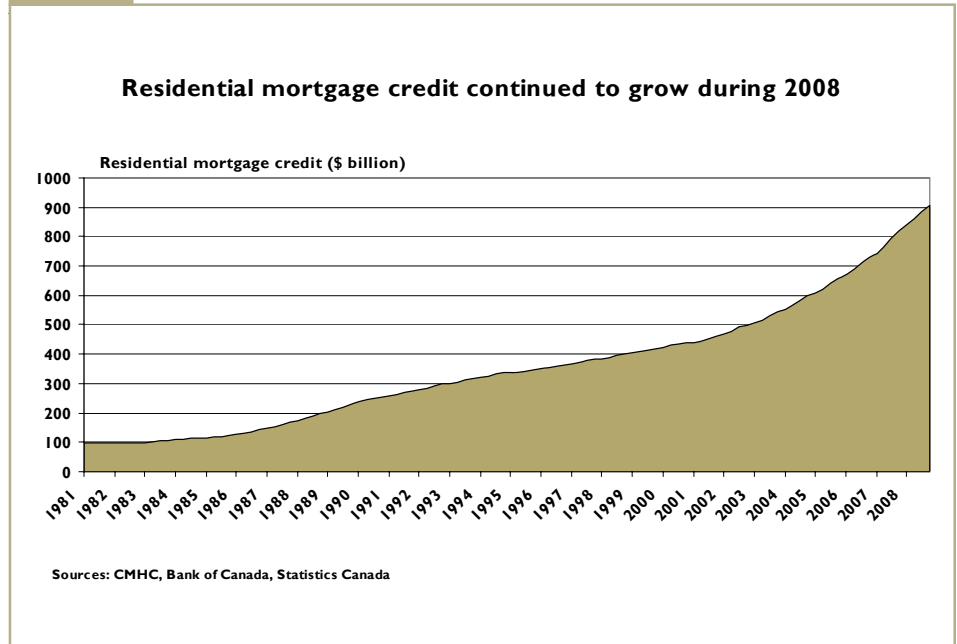
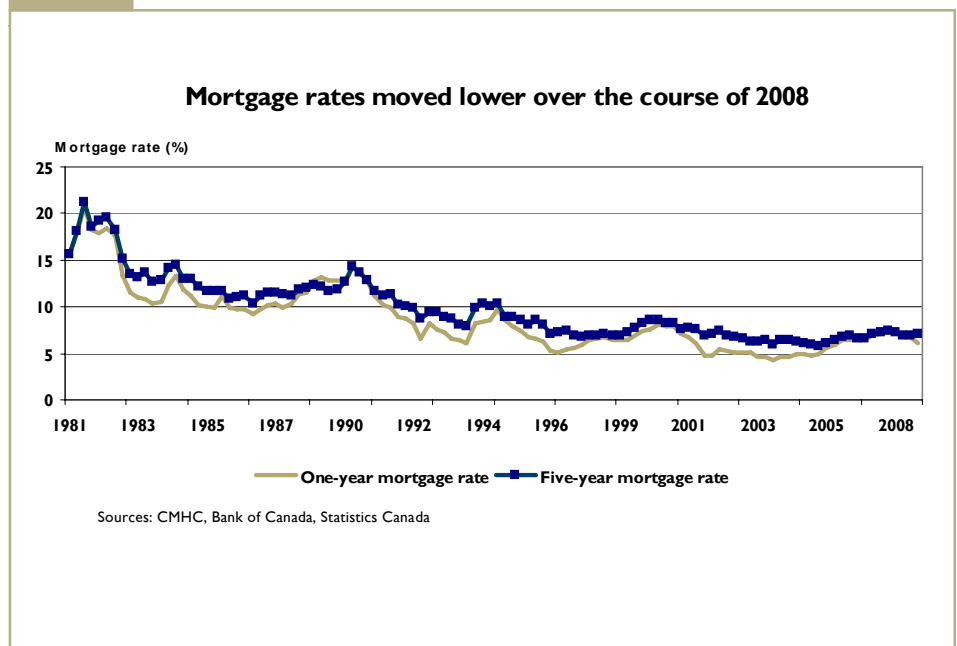


Figure 4



Mortgage credit growth still positive despite housing sector moderation

Despite the moderation in the housing sector, mortgage credit outstanding continued to grow during 2008, albeit at a slightly more moderate pace, as in previous downturns. The reason for this is that even if the level of housing activity is lower, many of the sales of new and existing homes are accompanied, with a lag, by new mortgage loans. As a result, though there may be fewer new mortgage loans, these still add to mortgage credit outstanding, at a faster rate than existing mortgage loans that get paid down or paid off.

Market shares virtually unchanged

Chartered banks accounted for 71.3 per cent of the residential mortgage loans outstanding in the fourth quarter of 2008. Credit unions followed next with 17.6 per cent, as shown in the table below. Together, banks and credit unions comprise approximately 89 per cent of the share of residential mortgage credit. The overall shares have remained essentially unchanged when compared to the previous four quarters. ■

Share of the stock of residential mortgage credit by institution type (%) *

	4Q07	1Q08	2Q08	3Q08	4Q08
Banks	72.3	72.3	72.4	72.6	71.3
Trusts	1.5	1.5	1.5	1.5	1.5
Caisse & Cr. Unions	16.7	16.8	16.7	16.6	17.6
Life Ins. Co.	2.3	2.4	2.3	2.3	2.5
Pension Funds	2.2	2.2	2.3	2.3	2.5
Others **	5.0	4.9	4.8	4.6	4.6

* Excludes Special Purpose Vehicles and NHA MBS

** Includes non-depository credit intermediaries

Source: CMHC, Bank of Canada, Statistics Canada.

INDICATORS OF MORTGAGE LENDING ACTIVITY

Mortgage credit outstanding (\$millions)*

	2007	2008	1Q08	2Q08	3Q08	4Q08	1Q09
TOTAL	775,899	871,419	838,818	861,147	887,732	907,936	n.a
% change (year-over-year)	11.6	12.3	13.2	12.8	11.9	10.7	n.a
Banks	442,116	469,576	464,724	473,952	488,597	460,198	n.a
Trusts	8,550	9,802	9,511	9,763	10,033	9,973	n.a
Caisse & Cr. Unions	102,500	110,412	107,781	109,342	111,920	113,834	n.a
Life Ins. Co.	14,790	15,406	15,136	15,277	15,531	15,849	n.a
Pension Funds	13,238	15,105	14,385	14,954	15,409	16,043	n.a
Others **	31,691	31,128	31,649	31,564	31,114	29,779	n.a
Special Purpose Vehicles	24,884	22,729	23,920	23,466	22,135	20,755	n.a
NHA MBS ***	138,130	197,260	171,713	182,828	192,993	241,505	n.a

* Average for the period, unadjusted

** Includes non-depository credit intermediaries

*** CMHC

NHA and Conventional Mortgage Loans Approved*

		2006	2007	3Q07	4Q07	1Q08	2Q08	3Q08
By Type of Lender								
Banks	\$ millions	152,595	172,804	45,951	36,529	35,088	48,328	43,456
	Units	939,123	980,781	252,546	200,142	191,944	265,199	229,695
Trusts	\$ millions	6,684	8,553	2,032	2,080	2,730	3,185	2,855
	Units	45,395	49,083	11,936	10,880	13,970	19,168	17,191
Life Ins. & Others	\$ millions	30,148	36,892	8,889	8,632	10,464	13,523	12,123
	Units	236,247	258,682	61,296	60,030	70,065	89,409	78,212
TOTAL	\$ millions	189,427	218,249	56,872	47,241	48,282	65,036	58,434
	Units	1,220,765	1,288,546	325,778	271,052	275,979	373,776	325,098

* Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans in some areas.

Source: CMHC NHA loan approval system and Conventional Lending Survey

This Month's Housing Data (SAAR)

	2008	Q2: 08	Q3: 08	Q4: 08	M12: 08	M01: 09	M02: 09
Housing starts, units, 000s							
Canada. Total. All areas	211.1	217.6	207.7	184.9	172.2	153.5	134.7
Per cent change from previous period	-7.6	-7.4	-4.5	-11.0	-0.4	-10.9	-12.2
Canada. Total. Rural areas	23.7	24.8	26.3	22.1	22.1	26.8	26.8
Per cent change from previous period	-31.5	25.9	6.0	-16.0	0.0	21.3	0.0
Canada. Total. Urban areas	187.4	192.8	181.4	162.8	150.1	126.7	107.9
Per cent change from previous period	-3.3	-10.5	-5.9	-10.3	-0.5	-15.6	-14.8
Canada. Single. Urban areas	74.4	76.9	72.8	66.9	62.7	50.0	44.6
Per cent change from previous period	-18.1	-7.7	-5.3	-8.1	-5.1	-20.3	-10.8
Canada. Multiple. Urban areas	112.9	115.9	108.6	95.9	87.4	76.7	63.3
Per cent change from previous period	9.8	-12.3	-6.3	-11.7	3.2	-12.2	-17.5
Newfoundland. Total. All areas	3.3	3.0	3.4	3.6	4.0	3.6	2.8
Per cent change from previous period	23.1	7.1	13.3	5.9	21.2	-10.0	-22.2
Prince Edward Island. Total. All areas	0.7	0.7	0.6	0.7	0.9	0.6	0.6
Per cent change from previous period	-5.1	0.0	-14.3	16.7	12.5	-33.3	0.0
Nova Scotia. Total. All areas	4.0	3.7	4.1	3.4	3.0	2.8	4.6
Per cent change from previous period	-16.2	-36.2	10.8	-17.1	-6.3	-6.7	64.3
New Brunswick. Total. All areas	4.3	4.5	4.1	4.0	3.0	3.8	3.6
Per cent change from previous period	0.8	9.8	-8.9	-2.4	-23.1	26.7	-5.3
Quebec. Total. All areas	47.9	47.7	47.6	47.7	44.0	45.3	38.2
Per cent change from previous period	-1.3	-2.3	-0.2	0.2	-10.8	3.0	-15.7
Ontario. Total. All areas	75.1	78.8	74.8	67.8	63.1	54.7	47.3
Per cent change from previous period	10.2	-2.6	-5.1	-9.4	8.2	-13.3	-13.5
Manitoba. Total. All areas	5.5	5.8	5.4	5.8	6.4	3.6	4.1
Per cent change from previous period	-3.5	9.4	-6.9	7.4	12.3	-43.8	13.9
Saskatchewan. Total. All areas	6.8	7.9	7.2	5.3	4.7	3.8	4.0
Per cent change from previous period	13.7	19.7	-8.9	-26.4	-28.8	-19.1	5.3
Alberta. Total. All areas	29.2	28.4	25.2	21.9	20.0	17.2	13.1
Per cent change from previous period	-39.7	-29.4	-11.3	-13.1	-2.4	-14.0	-23.8
British Columbia. Total. All areas	34.3	37.1	35.3	24.7	23.1	18.1	16.4
Per cent change from previous period	-12.4	-7.0	-4.9	-30.0	8.5	-21.6	-9.4

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Housing Data, continued (SAAR)*

	2008	Q2: 08	Q3: 08	Q4: 08	M12: 08	M01: 09	M02: 09
Canada. Total. Urban areas	187.4	192.8	181.4	162.8	150.1	126.7	107.9
Newfoundland. Total. Urban areas	2.2	1.9	2.4	2.5	2.9	2.8	2.0
Prince Edward Island. Total. Urban areas	0.5	0.5	0.4	0.6	0.8	0.3	0.3
Nova Scotia. Total. Urban areas	3.3	3.2	3.3	2.9	2.5	1.7	3.5
New Brunswick. Total. Urban areas	3.1	3.3	3.0	2.9	1.9	2.6	2.4
Quebec. Total. Urban areas	41.6	41.7	40.4	40.4	36.7	36.2	29.1
Ontario. Total. Urban areas	71.9	75.2	71.3	65.0	60.3	51.5	44.1
Manitoba. Total. Urban areas	3.8	4.1	3.7	4.4	5.0	2.1	2.6
Saskatchewan. Total. Urban areas	4.7	5.5	4.6	3.5	2.9	1.5	1.7
Alberta. Total. Urban areas	25.4	24.0	21.2	19.1	17.2	13.9	9.8
British Columbia. Total. Urban areas	30.9	33.4	31.1	21.5	19.9	14.1	12.4

* Thousands of units, quarterly and monthly data are seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2008	Q2: 08	Q3: 08	Q4: 08	M12: 08	M01: 09	M02: 09
New Housing							
New & unoccupied singles & semis, units 000s	7.6	7.3	7.6	8.5	8.6	8.6	8.9
Per cent change from same period previous year	26.2	19.9	38.4	37.9	35.8	30.8	31.6
New & unoccupied row & apartments, units 000s	9.5	8.9	9.1	10.6	11.2	11.1	11.1
Per cent change from same period previous year	9.9	12.3	4.6	15.4	19.9	18.8	18.1
New House Price Index, 1997=100	158.2	158.4	158.6	157.7	157.4	156.4	n.a.
Per cent change from same period previous year	3.4	4.3	2.3	0.9	0.4	-0.8	n.a.
Existing Housing							
MLS[®] resales*, units 000s	434.5	461.9	446.7	347.5	326.5	316.7	344.0
Per cent change from same period previous year	-17.1	-13.5	-12.7	-32.5	-35.9	-37.3	-26.8
MLS[®] average resale price**, \$C 000s	303.6	310.9	298.8	287.8	283.6	283.3	279.6
Per cent change from same period previous year	-0.7	2.1	-3.4	-9.8	-12.4	-11.0	-10.8
Mortgage Market							
Posted 1-Year Mortgage Rate, % (period average)	6.70	6.68	6.75	6.10	5.60	5.00	5.00
Posted 5-Year Mortgage Rate, % (period average)	7.06	6.93	6.95	7.05	6.75	5.79	5.79

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.
 n.a. Figures not available
 * Quarterly and monthly data are seasonally adjusted and annualized (SAAR).
 ** Annual data is actual. Monthly and quarterly data is seasonally adjusted.

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