HOUSING MARKET INFORMATION

HOUSING MARKET OUTLOOK

Canada Highlights Edition

Canada Mortgage and Housing Corporation

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Housing market will moderate in 2009

Figure 1 **Fewer housing starts expected for 2009 and 2010**

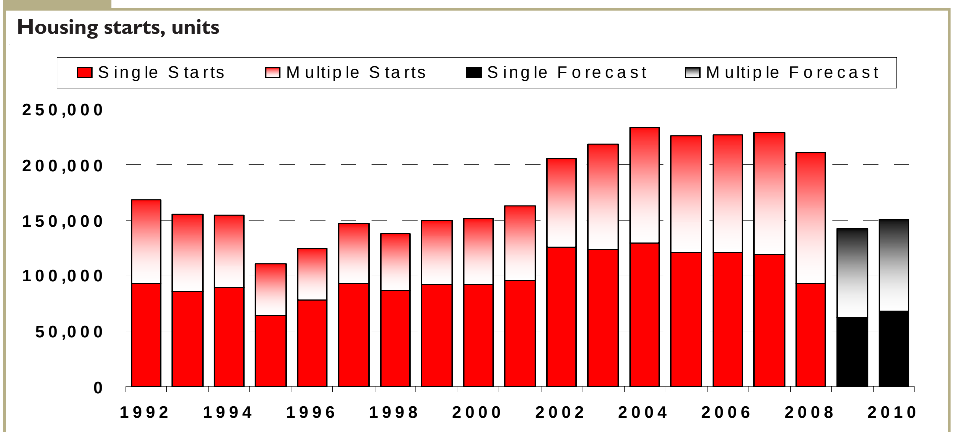
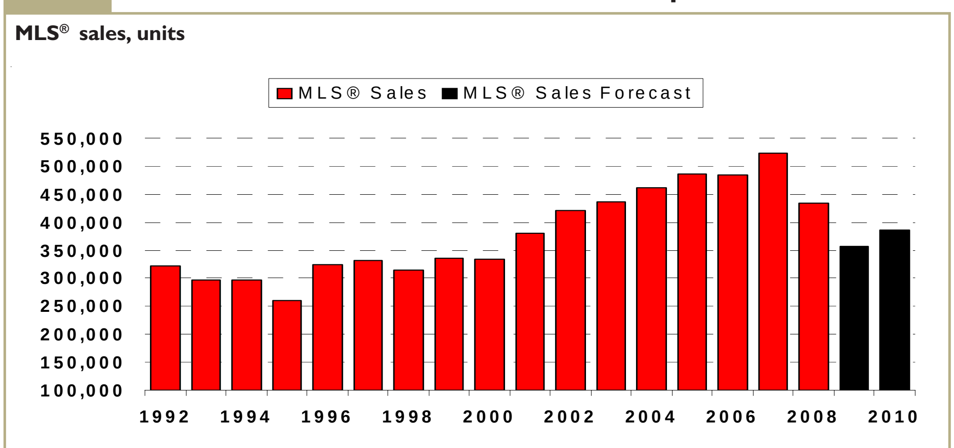


Figure 2 **MLS®[2] sales decline in 2009 but move up in 2010**



Overview[1]

Housing starts lower in 2009

The downturn in economic activity and in the employment market will cause housing starts to decrease from 211,056 units in 2008 to 141,900 units in 2009 and 150,300 units in 2010. Both singles and multiples will see declines in 2009. Given the large degree of economic uncertainty, we have considered an array of optimistic and pessimistic economic scenarios to generate a range for our housing outlook in 2009 and 2010. Accordingly, we expect starts to be between 125,000 and 160,000 units in 2009 and between 130,000 and 180,000 units in 2010.

MLS® sales decline in 2009

Existing home sales activity will decrease to 357,800 units this year, but will rebound to 386,100 units in 2010 as economic activity becomes more positive across Canada.

[1]The outlook is subject to a heightened degree of uncertainty. Although point forecasts are presented in this publication, CMHC also presents forecast ranges and risks where appropriate. The forecasts included in this document are based on information available as of April 30, 2009.

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

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Economic Forecasts

Economic conditions are more uncertain, but still support housing

Forecasts for economic growth by private sector forecasters continued to be revised down significantly in recent months. For example, in January of last year, the average forecast for Canadian GDP growth in 2009 was -0.7 per cent. In April, this average forecast for growth was revised down to -2.3 per cent.

Employment was reduced by 270,000 positions during the first quarter of 2009. Due to these economic conditions, employment is expected to decrease by 1.9 per cent this year and increase 0.4 per cent for 2010. With respect to the 2009 unemployment rate, the average of private forecasters has been revised up.

The Bank of Canada has cut the target for the Overnight Rate. The rate was 4 per cent at the start of 2008 and has since fallen to 0.25 per cent.

Mortgage rates are expected to be relatively stable throughout 2009, remaining within 25-75 basis points of their current levels. Posted mortgage rates will increase very gradually during the course of 2010, reflecting a rise in Government of Canada bond yields. For 2010, the one-year posted mortgage rate will be in the 4.75-6.00 per cent range, while three and five-year posted mortgage rates are forecast to be in the 5.00-6.75 per cent range.

Housing Forecasts

Housing starts will turn down in 2009

The new home market is now moderating due to three key factors. First, strong house price growth between 2002 and 2007 has tempered home ownership demand particularly in Western Canada. Second, the record high levels of new listings have increased the competition from the existing home market and reduced spillover demand. And, finally, uncertainty about the economic outlook remains high and is a contributing factor restraining demand for home ownership.

These trends will moderate new home construction. Housing starts this year will decrease from about 211,000 units last year to a range between 125,000 and 160,000 units for 2009 and between 130,000 and 180,000 units for 2010.

Single-detached housing starts will decrease

The rising house prices of previous years, as well as uncertainty about the economic outlook, will be the main causes of the continued moderation in single-detached housing starts. From a Canada perspective, singles are expected to decline to a level ranging between 53,800 and 71,000 units in 2009, and to increase marginally to a level ranging between 60,500 and 81,200 units in 2010.

Multi-family housing gains in popularity

For 2009, it is expected that multiple starts will decrease to a level ranging between 71,200 and 89,000 units. The largest declines will occur in Alberta, Saskatchewan, and British Columbia. Heading into 2010, however, economic prospects are expected to become more positive. Because of this, all provinces will see positive growth in the construction of multiple-family units. Multiple starts will be in a range of 69,500 to 98,800 units in 2010.

Growth in house prices will slow as the housing market turns more balanced

Existing home sales activity will decrease to 357,800 units this year, but will rebound to 386,100 in 2010 as economic activity becomes more positive across Canada.

The Canadian resale market was back into buyers' market territory by the end of 2008. At present, markets in Canada can be characterized as balanced. For 2009, prices are expected to decrease by 6.8 per cent to $283,100 and remain at that average in 2010.

Housing Forecast Summary

		New Construction			Resale Market	
		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price
British Columbia	2008	34,321	10,991	23,330	68,923	454,599
	2009(F)	19,725	6,425	13,300	58,100	403,700
	2010(F)	21,700	7,800	13,900	67,750	406,400
Alberta	2008	29,164	14,716	14,448	56,399	352,857
	2009(F)	13,700	9,700	4,000	44,000	322,500
	2010(F)	16,200	11,500	4,700	48,000	329,000
Saskatchewan	2008	6,828	4,518	2,310	10,203	224,586
	2009(F)	3,400	2,300	1,100	8,600	222,000
	2010(F)	3,850	2,600	1,250	9,000	224,000
Manitoba	2008	5,537	3,690	1,847	13,525	190,296
	2009(F)	3,950	2,700	1,250	11,800	187,000
	2010(F)	4,250	2,900	1,350	12,400	194,000
Ontario	2008	75,076	31,108	43,968	181,001	302,354
	2009(F)	51,325	17,850	33,475	144,200	287,100
	2010(F)	52,300	18,000	34,300	150,100	276,700
Quebec	2008	47,901	19,778	28,123	79,402	210,775
	2009(F)	40,000	16,600	23,400	70,000	207,200
	2010(F)	41,350	17,850	23,500	77,000	207,500
New Brunswick	2008	4,274	2,519	1,755	7,555	145,762
	2009(F)	3,475	2,250	1,225	6,500	146,500
	2010(F)	3,650	2,350	1,300	6,750	149,000
Nova Scotia	2008	3,982	2,636	1,346	10,874	189,902
	2009(F)	3,100	1,900	1,200	9,000	190,000
	2010(F)	3,425	2,000	1,425	9,500	195,000
Prince Edward Island	2008	712	521	191	1,413	139,944
	2009(F)	575	425	150	1,300	140,250
	2010(F)	625	450	175	1,325	141,500
Newfoundland / Labrador	2008	3,261	2,725	536	4,695	178,477
	2009(F)	2,675	2,250	425	4,000	192,500
	2010(F)	2,975	2,500	475	4,200	198,000
Canada*	2008	211,056	93,202	117,854	433,990	303,607
	2009(F)	141,900	62,400	79,500	357,800	283,100
	2010(F)	150,300	67,900	82,400	386,100	283,100

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).
Source: CMHC (Starts and Completions Survey, Market Absorption Survey) and CREA

* The point estimate for the forecast of total housing starts is 141,900 units for 2009 and 150,300 units in 2010. Economic uncertainty is reflected by the current range of forecasts which varies from 125,000 units to 160,000 units for 2009 and 130,000 units to 180,000 units in 2010.

Local Housing Market Indicators

Major Centres	Year	Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate	Average rent
Abbotsford	2008	1,285	358	n.a.	2,674	355,099	2.6	765
	2009(F)	550	250	n.a.	2,400	315,000	3.2	780
	2010(F)	500	200	n.a.	2,450	320,000	3.5	792
Calgary	2008	11,438	4,387	0.6	23,136	405,267	2.1	1,148
	2009(F)	3,700	2,700	-8.5	17,000	372,000	4.0	1,075
	2010(F)	4,200	3,000	0.0	18,700	382,000	3.5	1,100
Charlottetown	2008	426	280	1.4	595	175,231	2.3	672
	2009(F)	350	225	2.0	540	177,000	2.0	715
	2010(F)	375	250	2.0	555	179,500	1.8	735
Edmonton	2008	6,615	2,613	1.0	17,369	332,852	2.4	1,034
	2009(F)	3,250	2,000	-8.0	14,500	310,000	4.0	1,035
	2010(F)	4,100	2,600	1.5	16,000	318,500	3.5	1,070
Gatineau	2008	3,304	1,120	3.1	4,390	186,212	1.9	677
	2009(F)	2,700	850	0.5	3,975	189,000	2.5	690
	2010(F)	2,750	800	1.5	3,875	190,900	2.5	705
Greater Sudbury	2008	543	469	5.5	2,396	211,614	0.7	800
	2009(F)	420	300	1.5	1,550	197,000	1.0	840
	2010(F)	400	280	2.0	1,600	188,000	0.9	880
Halifax	2008	2,096	1,180	7.9	6,205	229,916	3.4	833
	2009(F)	1,780	900	3.5	5,500	230,000	3.5	850
	2010(F)	2,080	1,000	2.0	5,900	235,000	3.3	865
Hamilton	2008	3,529	1,675	3.1	12,110	280,790	3.2	836
	2009(F)	2,495	1,050	-3.8	9,600	267,000	2.9	850
	2010(F)	2,650	1,175	-2.0	10,000	258,000	3.0	865
Kelowna	2008	2,257	765	n.a.	3,445	430,755	0.3	967
	2009(F)	850	325	n.a.	2,900	365,000	2.2	980
	2010(F)	800	375	n.a.	3,350	355,000	2.7	965
Kingston	2008	672	546	n.a.	3,473	235,047	1.3	880
	2009(F)	500	400	n.a.	3,200	233,500	1.2	905
	2010(F)	515	375	n.a.	3,300	237,000	1.9	930
Kitchener	2008	2,634	1,446	2.0	6,269	271,222	1.8	845
	2009(F)	2,200	1,100	0.0	5,100	257,000	1.6	860
	2010(F)	2,300	1,100	0.0	5,300	251,000	1.5	875
London	2008	2,385	1,369	3.0	8,620	212,092	3.9	834
	2009(F)	1,500	650	0.0	6,500	207,000	4.2	845
	2010(F)	1,450	700	0.0	6,700	205,000	3.9	855
Montréal	2008	21,927	6,602	4.9	40,440	258,028	2.4	659
	2009(F)	17,700	5,200	2.6	36,500	255,000	2.0	668
	2010(F)	18,900	5,500	2.4	39,500	256,000	2.3	675
Oshawa[1]	2008	1,987	1,500	n.a.	8,797	273,984	4.2	889
	2009(F)	1,048	620	n.a.	6,250	259,000	3.7	905
	2010(F)	1,138	720	n.a.	6,400	250,000	3.3	920
Ottawa	2008	6,998	2,956	3.8	13,908	290,483	1.4	995
	2009(F)	5,375	2,125	0.5	12,500	289,000	1.0	1,025
	2010(F)	5,500	2,000	1.5	13,200	291,000	0.8	1,065
Québec	2008	5,457	2,031	5.3	8,003	193,195	0.6	653
	2009(F)	4,795	1,725	3.0	7,445	198,991	0.6	663
	2010(F)	4,330	1,465	2.5	7,820	204,961	0.6	673

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Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2009-2010

Source for Quebec CMA's MLS® data: The Quebec Federation of Real Estate Boards by Centris™, CMHC compilation

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

Local Housing Market Indicators (cont.)

Major Centres	Year	Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate	Average rent
Regina	2008	1,375	979	26.2	3,338	229,716	0.5	756
	2009(F)	1,000	700	4.8	2,800	230,000	1.2	850
	2010(F)	1,100	750	2.7	3,000	232,000	2.0	860
Saguenay	2008	869	400	n.a.	1,557	150,597	1.6	518
	2009(F)	645	295	n.a.	1,250	156,600	2.0	530
	2010(F)	565	300	n.a.	1,350	163,600	2.0	540
Saint John	2008	832	488	2.5	2,166	158,117	3.1	618
	2009(F)	725	425	2.5	1,800	163,500	2.8	600
	2010(F)	760	440	2.0	1,850	170,000	2.5	615
Saskatoon	2008	2,319	1,288	20.6	3,540	287,803	1.9	841
	2009(F)	1,100	600	-6.6	3,000	275,000	2.0	860
	2010(F)	1,275	725	3.0	3,150	280,000	3.0	870
Sherbrooke	2008	1,627	802	n.a.	1,864	179,434	2.8	543
	2009(F)	1,545	730	n.a.	1,800	179,400	3.0	555
	2010(F)	1,450	750	n.a.	1,890	179,500	3.1	565
St. Catharines-Niagara[1]	2008	1,138	680	4.3	5,896	203,648	4.3	777
	2009(F)	900	500	-1.0	4,700	195,000	4.0	790
	2010(F)	950	500	0.0	4,900	192,000	4.0	800
St. John's	2008	1,863	1,485	19.6	3,835	187,571	0.8	630
	2009(F)	1,550	1,200	12.5	3,450	198,000	1.0	700
	2010(F)	1,800	1,400	5.0	3,575	204,000	1.5	725
Thunder Bay	2008	167	165	5.5	1,649	139,301	2.2	719
	2009(F)	175	145	1.5	1,320	142,100	1.6	735
	2010(F)	210	155	2.0	1,400	145,500	2.0	745
Toronto	2008	42,212	11,308	3.5	76,387	379,943	2.0	1,095
	2009(F)	26,850	5,500	-2.0	60,000	360,000	1.8	1,120
	2010(F)	27,500	5,700	-1.0	63,500	348,000	1.7	1,140
Trois-Rivières	2008	1,148	373	n.a.	799	141,610	1.7	505
	2009(F)	850	325	n.a.	760	146,000	1.8	515
	2010(F)	800	310	n.a.	750	150,000	2.0	525
Vancouver	2008	19,591	3,634	2.3	25,149	593,767	0.5	1,124
	2009(F)	11,000	2,500	-5.0	22,000	516,000	1.2	1,164
	2010(F)	11,500	2,900	-1.0	25,000	504,000	1.5	1,210
Victoria	2008	1,905	673	-0.1	6,171	484,898	0.5	965
	2009(F)	1,200	650	-8.0	5,400	425,000	0.9	1,005
	2010(F)	1,150	550	-3.0	5,600	420,000	1.2	1,045
Windsor	2008	453	328	-2.2	4,546	159,709	14.6	772
	2009(F)	305	225	-1.0	3,600	142,000	17.0	775
	2010(F)	330	250	0.5	3,725	136,000	14.0	775
Winnipeg	2008	3,009	1,930	10.2	11,854	196,940	1.0	769
	2009(F)	2,200	1,450	2.0	10,500	190,000	1.0	800
	2010(F)	2,350	1,550	2.5	11,000	197,500	1.2	825
All Major Areas	2008	156,783	56,262	3.4	324,699	322,845	2.2	847
	2009(F)	102,718	37,610	-4.5	269,070	302,617	2.2	864
	2010(F)	107,368	39,815	0.2	286,910	301,858	2.2	881

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Source for Quebec CMA's MLS® data: The Quebec Federation of Real Estate Boards by Centris™, CMHC compilation

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