

HOUSING MARKET OUTLOOK

Canada Highlights Edition



Canada Mortgage and Housing Corporation

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Housing market will rebound

Overview¹

Housing starts to increase in 2010

After a slow start in 2009, housing starts will rebound in the second half of the year to average 141,900 units. In 2010, starts will increase to 150,300 in 2010. Given the large degree of economic uncertainty, we have considered an array of economic scenarios to generate a range for our housing outlook. 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 on the rebound

Sales of existing homes through the Multiple Listing Service® (MLS®) have rebounded significantly since the start of the year. Moving forward, the level of sales will migrate towards levels more in line with improving economic conditions. MLS sales are forecast to decline to 420,700 units in 2009, and will remain essentially unchanged at 419,400 in 2010.

Figure 1 Housing starts decline in 2009 but move up in 2010

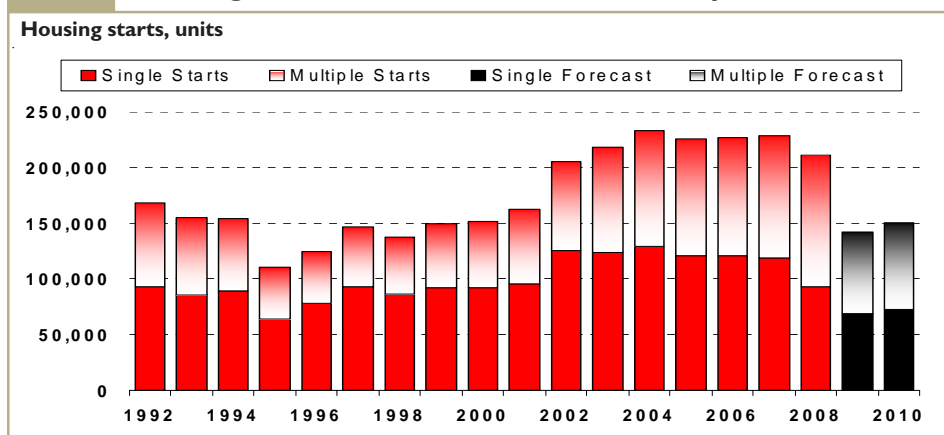
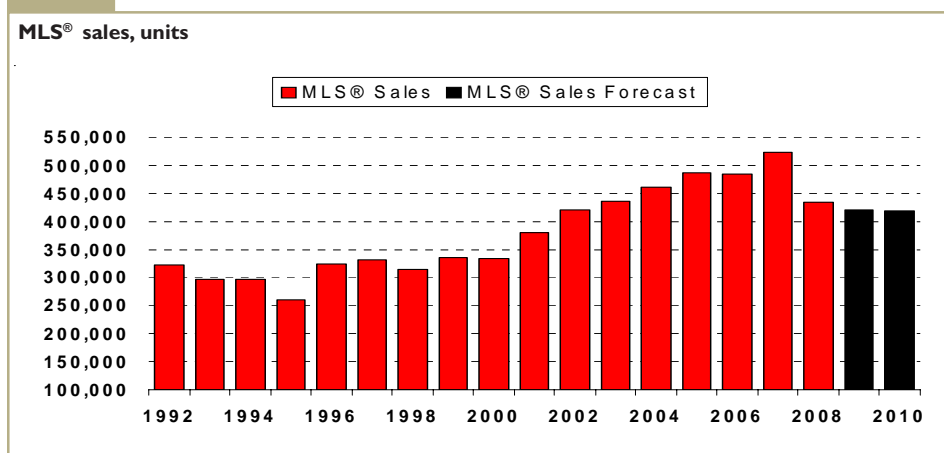


Figure 2 MLS® sales will moderate in 2009



¹The outlook is subject to 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 July 23, 2009.

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

Economic Forecasts

Economic conditions are more uncertain, but still support housing

Economic uncertainty will continue to affect Canadian housing markets through the end of 2009. Some 63,000 jobs were lost in the second quarter of 2009, bringing the decline in the first half of 2009 to 302,000. However, monthly data show that the pace of job losses is slowing and employment growth is expected to turn positive early next year. Overall employment is forecast to decline 1.8 per cent in 2009 and increase

0.5 per cent in 2010. The unemployment rate will be 8.5 per cent in 2009 and 8.8 per cent in 2010.

The Bank of Canada cut the target for the Overnight Rate in the early months of 2009. The rate was 1.50 per cent at the start of 2009 and has since fallen to 0.25 per cent. The Bank of Canada has committed to keeping the target at 0.25 per cent through the middle of 2010 unless inflationary pressures warrant an increase.

Mortgage rates have fallen in the last few months and are now expected to be relatively stable throughout

2009, remaining within 25-75 basis points of their current levels. Posted mortgage rates will gradually increase through 2010, but will do so at a slow pace. For 2010, the one-year posted mortgage rate will be in the 4.00-5.25 per cent range, while three and five-year posted mortgage rates are forecast to be in the 5.50-6.75 per cent range.

Housing Forecasts

Housing starts will rebound

Housing starts decreased in the first half of 2009 due to the economic downturn and a weak job market. While activity is forecast to pick-up in the second half, 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 increase in 2010

Over the past few years, strong price growth for single-detached housing has moderated the demand for this type of housing, and increased demand for less expensive multi-family housing. The uncertain economic environment in late 2008 and early 2009 contributed to the downward trend in single starts. However, in the second quarter of

2009, single starts rebounded in most provinces. Over the forecast horizon, this trend is expected to continue as moderating prices make the singles market more attractive. After declining to between 61,000 and 77,000 units in 2009, the number of single-detached housing starts will increase to a level ranging from 63,000 to 88,000 units in 2010.

Multi-family starts will be up in 2010

Similar to the singles market, the number of multi-family housing starts (row, semi-detached and apartment units) was low in the first half of 2009, but will rebound in the final six months of the year. There will be between 63,600 and 83,000 multiple unit starts in 2009. Next year, this number will increase to between 67,000 and 92,000 as increases in economic activity and employment prop up housing demand.

Resale markets will move into balanced conditions in 2010

Existing home sales, as measured by the Multiple Listing Service (MLS®)¹, have rebounded strongly since January. The strong pace seen in the second quarter of this year reflects, in part, activity that was delayed in the previous two quarters and is not likely to be sustained. The level of sales will move back to be closer in line with improving economic conditions. As a result, MLS® sales will average 420,700 units this year. Next year, sales will remain essentially unchanged at 419,400 transactions.

Most resale markets in Canada will move towards balanced conditions in the second half of 2009 and in 2010. The average MLS® price is expected to moderate to \$301,400 in 2009 and to increase to \$306,300 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)	16 250	6 650	9 600	72 000	443 000
	2010(F)	22 000	8 100	13 900	73 300	456 200
Alberta	2008	29 164	14 716	14 448	56 399	352 857
	2009(F)	16 100	11 700	4 400	55 250	337 500
	2010(F)	18 250	13 000	5 250	57 000	348 000
Saskatchewan	2008	6 828	4 518	2 310	10 203	224 586
	2009(F)	3 750	2 750	1 000	9 800	232 000
	2010(F)	4 150	3 000	1 150	10 200	238 250
Manitoba	2008	5 537	3 690	1 847	13 525	190 296
	2009(F)	4 000	2 950	1 050	12 650	198 000
	2010(F)	4 300	3 050	1 250	13 200	206 250
Ontario	2008	75 076	31 108	43 968	181 001	302 354
	2009(F)	48 675	20 150	28 525	174 000	307 300
	2010(F)	50 000	20 625	29 375	166 750	309 900
Quebec	2008	47 901	19 778	28 123	79 402	210 775
	2009(F)	43 175	17 250	25 925	75 400	213 700
	2010(F)	41 100	17 500	23 600	77 000	215 100
New Brunswick	2008	4 274	2 519	1 755	7 555	145 762
	2009(F)	3 285	2 000	1 285	6 650	150 100
	2010(F)	3 500	2 165	1 335	6 900	155 600
Nova Scotia	2008	3 982	2 636	1 346	10 874	189 902
	2009(F)	3 050	1 950	1 100	9 275	194 500
	2010(F)	3 325	2 000	1 325	9 500	199 250
Prince Edward Island	2008	712	521	191	1 413	139 944
	2009(F)	625	400	225	1 350	146 500
	2010(F)	640	425	215	1 400	151 000
Newfoundland / Labrador	2008	3 261	2 725	536	4 695	178 477
	2009(F)	2 950	2 550	400	4 100	205 000
	2010(F)	3 000	2 575	425	4 200	213 000
Canada*	2008	211 056	93 202	117 854	433 990	303 607
	2009(F)	141 900	68 400	73 500	420 700	301 400
	2010(F)	150 300	72 450	77 850	419 400	306 300

¹MLS® 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)	350	130	n.a.	2,300	335,000	5.0	780
	2010(F)	450	180	n.a.	2,450	340,000	4.5	792
Calgary	2008	11,438	4,387	0.6	23,136	405,267	2.1	1,148
	2009(F)	4,800	3,600	-7.8	22,800	383,000	4.0	1,075
	2010(F)	5,400	4,000	1.0	23,500	395,000	3.5	1,100
Charlottetown	2008	426	280	1.4	595	175,231	2.3	672
	2009(F)	400	225	1.0	565	182,250	2.0	715
	2010(F)	400	250	1.5	590	187,000	1.8	735
Edmonton	2008	6,615	2,613	1.0	17,369	332,852	2.4	1,034
	2009(F)	4,050	2,650	-9.5	18,500	325,000	4.0	1,035
	2010(F)	4,900	3,200	1.5	19,000	335,000	3.5	1,070
Gatineau	2008	3,304	1,120	3.1	4,390	186,212	1.9	677
	2009(F)	2,910	960	1.2	4,025	192,800	2.3	690
	2010(F)	2,850	850	1.5	3,925	197,500	2.5	705
Greater Sudbury	2008	543	469	5.5	2,396	211,614	0.7	800
	2009(F)	375	200	1.5	1,800	197,000	1.5	840
	2010(F)	365	195	2.0	1,710	188,000	1.3	880
Halifax	2008	2,096	1,180	7.9	6,205	229,916	3.4	833
	2009(F)	1,675	900	2.2	5,450	237,500	3.5	850
	2010(F)	1,980	1,000	2.0	5,850	243,500	3.3	865
Hamilton	2008	3,529	1,675	3.1	12,110	280,790	3.2	836
	2009(F)	1,935	750	2.8	11,630	286,405	2.9	850
	2010(F)	2,000	750	3.0	11,165	289,270	3.0	865
Kelowna	2008	2,257	765	n.a.	3,445	430,755	0.3	967
	2009(F)	600	300	n.a.	3,300	390,000	3.0	970
	2010(F)	750	400	n.a.	3,700	405,000	3.0	950
Kingston	2008	672	546	n.a.	3,473	235,047	1.3	880
	2009(F)	645	400	n.a.	3,150	234,500	1.2	905
	2010(F)	590	430	n.a.	3,050	236,000	1.9	930
Kitchener	2008	2,634	1,446	2.0	6,269	271,222	1.8	845
	2009(F)	2,020	1,050	0.0	5,700	272,500	1.6	860
	2010(F)	2,170	1,100	0.0	5,600	273,000	1.5	875
London	2008	2,385	1,369	3.0	8,620	212,092	3.9	834
	2009(F)	1,500	650	1.4	7,800	214,200	4.4	840
	2010(F)	1,550	800	0.0	7,450	215,275	4.2	845
Montréal	2008	21,927	6,602	4.9	40,440	258,028	2.4	659
	2009(F)	17,900	4,800	2.6	37,400	263,000	2.1	668
	2010(F)	18,900	5,400	2.5	39,000	263,700	2.4	675
Oshawa ¹	2008	1,987	1,500	n.a.	8,797	273,984	4.2	889
	2009(F)	930	680	n.a.	8,000	272,400	3.7	905
	2010(F)	1,280	880	n.a.	7,700	274,000	3.3	920
Ottawa	2008	6,998	2,956	3.8	13,908	290,483	1.4	995
	2009(F)	5,300	2,300	1.2	13,700	294,000	1.0	1,025
	2010(F)	5,450	2,350	1.5	13,600	296,500	0.8	1,065
Québec	2008	5,457	2,031	5.3	8,003	193,195	0.6	653
	2009(F)	4,800	1,725	5.0	7,450	202,850	0.6	663
	2010(F)	4,300	1,450	5.0	7,800	208,950	0.8	673

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).

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

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

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)	1,050	750	4.8	3,300	250,000	1.2	800
	2010(F)	1,150	800	0.0	3,450	265,000	2.0	825
Saguenay	2008	869	400	n/d	1,557	150,597	1.6	518
	2009(F)	525	275	n/d	1,400	158,000	2.0	530
	2010(F)	850	300	n/d	1,400	165,000	2.0	540
Saint John	2008	832	488	2.5	2,166	158,117	3.1	618
	2009(F)	675	375	4.0	1,750	166,000	2.8	630
	2010(F)	725	400	2.0	1,800	172,500	2.5	645
Saskatoon	2008	2,319	1,288	20.6	3,540	287,803	1.9	841
	2009(F)	1,050	700	-8.0	3,450	275,000	2.0	870
	2010(F)	1,200	800	0.0	3,600	280,000	3.0	875
Sherbrooke	2008	1,627	802	n/d	1,864	179,434	2.8	543
	2009(F)	1,550	730	n/d	1,790	183,000	3.0	555
	2010(F)	1,525	750	n/d	1,880	186,600	3.1	565
St. Catharines-Niagara ¹	2008	1,138	680	4.3	5,896	203,648	4.3	777
	2009(F)	850	410	-1.0	5,400	205,000	4.0	790
	2010(F)	950	450	0.0	5,500	206,000	4.0	800
St. John's	2008	1,863	1,485	19.6	3,835	187,571	0.8	630
	2009(F)	1,675	1,375	15.0	3,450	215,000	1.0	700
	2010(F)	1,800	1,450	5.0	3,575	225,500	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	149,750	1.6	730
	2010(F)	210	155	2.0	1,295	155,500	2.0	745
Toronto	2008	42,212	11,308	3.5	76,387	379,943	2.0	1,095
	2009(F)	28,300	7,200	-1.5	78,000	384,120	1.8	1,120
	2010(F)	29,000	7,600	-1.0	72,000	387,190	1.7	1,140
Trois-Rivières	2008	1,148	373	n/d	799	141,610	1.7	505
	2009(F)	850	325	n/d	765	144,500	1.8	515
	2010(F)	810	300	n/d	750	148,800	2.0	525
Vancouver	2008	19,591	3,634	2.3	25,149	593,767	0.5	1,124
	2009(F)	9,500	2,500	-5.0	26,000	555,000	1.2	1,164
	2010(F)	11,000	3,000	-1.0	27,000	575,000	1.5	1,210
Victoria	2008	1,905	673	-0.1	6,171	484,898	0.5	965
	2009(F)	930	570	-3.0	6,400	464,000	1.1	1,050
	2010(F)	1,320	700	-1.0	6,600	470,000	1.2	1,100
Windsor	2008	453	328	-2.2	4,546	159,709	14.6	772
	2009(F)	260	180	0.1	4,100	154,000	17.0	750
	2010(F)	340	225	0.5	4,100	155,000	14.0	760
Winnipeg	2008	3,009	1,930	10.2	11,854	196,940	1.0	769
	2009(F)	1,950	1,450	2.5	11,125	205,000	1.0	800
	2010(F)	2,100	1,500	3.0	11,500	213,000	1.2	825
All Major Areas	2008	156,783	56,262	3.4	324,699	322,845	2.2	972
	2009(F)	101,890	39,605	-3.1	314,270	324,856	2.4	992
	2010(F)	108,930	43,090	0.5	312,800	330,035	2.3	1,015

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