

# HOUSING MARKET OUTLOOK

## Canada Highlights Edition

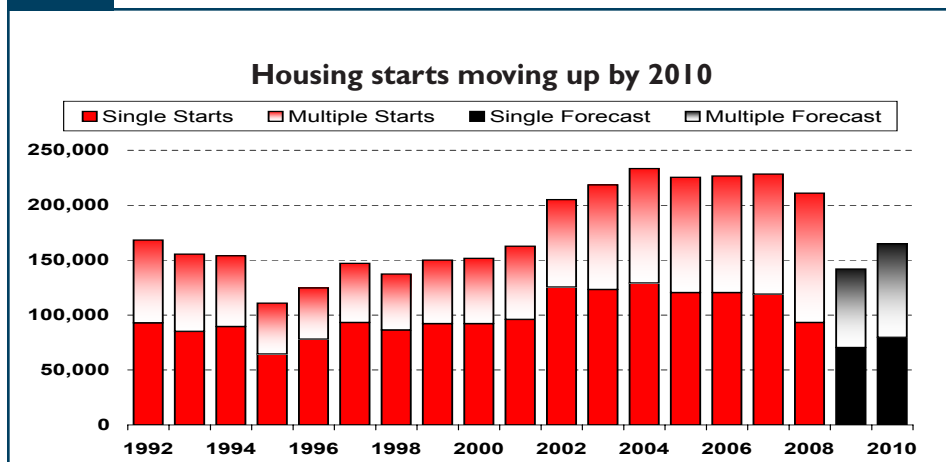


CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fourth Quarter 2009

## Housing Starts Up for 2010

Figure 1



## Overview<sup>1</sup>

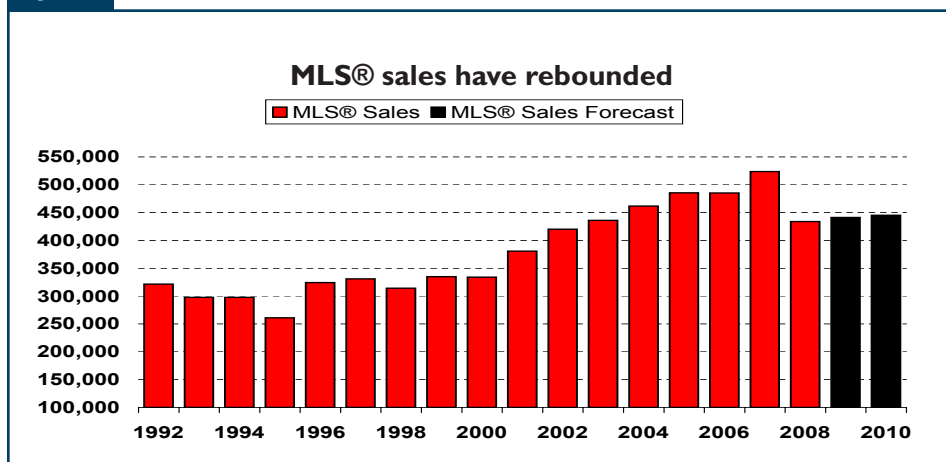
### Housing starts increasing in 2010

After a slow start in 2009, housing starts will become stronger by the end of 2009 and average 141,900 units. In 2010, starts will increase to 164,900 units. 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 138,000 and 146,000 units in 2009 and between 135,000 and 190,000 units in 2010.

### MLS®<sup>2</sup> sales on the rebound

Sales of existing homes through the Multiple Listing Service® (MLS®) have become more robust since the early months of 2009. MLS® resales will be about 441,300 units for 2009, up from 433,990 units in 2008. As far as 2010 is concerned, it is anticipated that there will be approximately 445,150 units sold. As is the case for housing starts, we have generated a range of forecasts for MLS® sales that reflect different economic scenarios. For 2009, we forecast that MLS® sales will be between 437,000 and 453,500 units. In 2010, MLS® sales will be between 415,000 and 460,000 units.

Figure 2



<sup>1</sup>The 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 October 1, 2009.

<sup>2</sup>Multiple Listing Service (MLS) is a registered certification mark owned by the Canadian Real Estate Association.

## Economic Forecasts

### Economic conditions are improving

Many employment positions were lost in the first half of 2009. However, recent monthly data show that the pace of job losses is slowing and in fact employment increased in August and September, when nearly 60,000 jobs were created. Employment is forecast to decline 1.6 per cent in 2009, but will increase 0.8 per cent in 2010. The unemployment rate will be 8.3 per cent in 2009 and 8.5 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 has committed to keeping this rate at 0.25 per cent through the middle of 2010

unless inflationary pressures warrant an increase.

Mortgage rates have fallen over the course of 2009, but are now expected to remain relatively stable for the rest of the year. 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 3.50-4.25 per cent range, while three and five-year posted mortgage rates are forecast to be in the 4.50-6.00 per cent range.

Net migration (immigration minus emigration) is also an important factor. It has increased for the past two years, however, lower levels of economic activity and employment during the first months of 2009, coupled with overall economic uncertainty, is expected to cause migration to fall to about 263,000 in 2009. In

2010, net migration will move up to approximately 273,000, which will fuel demand for housing.

## Housing Forecasts

### Housing starts will rebound

While activity has picked up in recent months, when compared to low levels in the first half of 2009, housing starts this year will decrease from about 211,000 units last year to a range between 138,000 and 146,000 units for 2009 and between 135,000 and 190,000 units for 2010.

### Single-detached housing starts will increase in 2010.

Strong price growth in the past few years 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. By the second

quarter of 2009, however, single starts rebounded in most provinces. Over the forecast horizon, this trend is expected to continue as more moderate prices make the singles market more attractive. After declining to 70,350 units in 2009, the number of single-detached housing starts will increase to 79,700 units in 2010.

### Multi-family starts will be up in 2010

Like the singles market, the number of multi-family housing starts (row, semi-detached and apartment units) decreased during the first half of 2009, however, they will rebound in the final months of this year. There will be about 71,550 multiple unit starts in 2009 increasing to 85,200 units in 2010 as stronger economic activity and employment support housing demand.

### Resale markets will move into sellers or balanced conditions in 2010

Existing home sales, as measured by the Multiple Listing Service (MLS®), have rebounded strongly since January. In recent months, new listings have slowed while sales have increased. This has moved many markets back into either balanced or sellers' market conditions. Heading into 2010, balanced to sellers' market conditions will continue to support growth in house prices. MLS® sales will be 441,300 units for 2009 and 445,150 units for 2010. As far as MLS® prices are concerned, 2009 will see an average price of \$312,950 while 2010 will see a slight increase to \$324,500.

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)	15,200	6,700	8,500	77,400	452,000
	2010(F)	23,400	8,400	15,000	83,000	460,000
Alberta	2008	29,164	14,716	14,448	56,399	352,857
	2009(F)	17,950	13,050	4,900	56,825	339,000
	2010(F)	22,000	15,800	6,200	61,950	354,000
Saskatchewan	2008	6,828	4,518	2,310	10,203	224,586
	2009(F)	3,600	2,750	850	10,300	233,000
	2010(F)	4,350	3,050	1,300	10,950	239,000
Manitoba	2008	5,537	3,690	1,847	13,525	190,296
	2009(F)	4,000	2,950	1,050	12,750	201,600
	2010(F)	4,800	3,350	1,450	13,200	207,600
Ontario	2008	75,076	31,108	43,968	181,001	302,354
	2009(F)	47,400	20,900	26,500	183,900	314,550
	2010(F)	56,500	23,600	32,900	175,250	326,800
Quebec	2008	47,901	19,778	28,123	79,402	210,775
	2009(F)	43,300	17,000	26,300	78,250	218,500
	2010(F)	43,000	18,200	24,800	78,250	223,750
New Brunswick	2008	4,274	2,519	1,755	7,555	145,762
	2009(F)	3,400	2,050	1,350	6,650	150,100
	2010(F)	3,525	2,145	1,380	6,900	155,600
Nova Scotia	2008	3,982	2,636	1,346	10,874	189,902
	2009(F)	3,275	2,000	1,275	9,500	195,000
	2010(F)	3,500	2,075	1,425	10,000	200,000
Prince Edward Island	2008	712	521	191	1,413	139,944
	2009(F)	740	400	340	1,400	146,000
	2010(F)	725	450	275	1,475	150,000
Newfoundland / Labrador	2008	3,261	2,725	536	4,695	178,477
	2009(F)	2,900	2,500	400	4,100	204,000
	2010(F)	3,000	2,575	425	4,200	212,000
Canada*	2008	211,056	93,202	117,854	433,990	303,607
	2009(F)	141,900	70,351	71,550	441,300	312,950
	2010(F)	164,900	79,700	85,200	445,150	324,500

<sup>1</sup>MLS® is a registered trademark of the Canadian Real Estate Association (CREA).

Source: CMHC (Starts and Completions Survey) and CREA

\* The point estimate for the national forecast of total housing starts is 141,900 units for 2009 and 164,900 units in 2010.

Economic uncertainty is reflected by the current range of forecasts which varies from 138,000 units to 146,000 units for 2009 and 135,000 units to 190,000 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.	2,600	340,000	4.0	775
	2010(F)	500	150	n.a.	2,700	346,000	4.5	785
Calgary	2008	11,438	4,387	0.6	23,136	405,267	2.1	1,148
	2009(F)	5,550	4,200	-6.9	23,150	384,500	4.0	1,075
	2010(F)	6,700	4,900	2.0	25,500	403,000	3.5	1,100
Charlottetown	2008	426	280	1.4	595	175,231	2.3	672
	2009(F)	505	250	1.0	550	183,000	2.0	715
	2010(F)	515	275	1.5	575	186,000	2.2	735
Edmonton	2008	6,615	2,613	1.0	17,369	332,852	2.4	1,034
	2009(F)	5,000	3,200	-10.5	18,750	322,000	4.0	1,035
	2010(F)	6,450	4,200	2.0	20,500	333,000	3.5	1,070
Gatineau	2008	3,304	1,120	3.1	4,390	186,212	1.9	677
	2009(F)	3,000	950	1.2	4,400	194,550	2.1	690
	2010(F)	3,000	900	1.5	4,400	199,400	2.4	705
Greater Sudbury	2008	543	469	5.5	2,396	211,614	0.7	800
	2009(F)	400	190	1.5	1,750	200,000	1.5	840
	2010(F)	340	180	2.0	1,650	200,000	1.3	880
Halifax	2008	2,096	1,180	7.9	6,205	229,916	3.4	833
	2009(F)	1,790	900	1.8	5,550	237,500	3.4	850
	2010(F)	2,070	1,000	1.6	5,900	243,500	3.2	865
Hamilton	2008	3,529	1,675	3.1	12,110	280,790	3.2	836
	2009(F)	1,750	650	-1.0	11,800	290,000	3.4	850
	2010(F)	1,975	675	2.0	12,100	302,000	3.5	865
Kelowna	2008	2,257	765	n.a.	3,445	430,755	0.3	967
	2009(F)	650	325	n.a.	3,600	405,000	3.0	970
	2010(F)	875	475	n.a.	4,100	425,000	3.0	950
Kingston	2008	672	546	n.a.	3,473	235,047	1.3	880
	2009(F)	707	420	n.a.	3,220	241,500	1.1	905
	2010(F)	690	460	n.a.	3,250	246,500	1.9	930
Kitchener	2008	2,634	1,446	2.0	6,269	271,222	1.8	845
	2009(F)	1,930	1,000	0.0	6,200	272,000	1.6	860
	2010(F)	2,170	1,100	1.0	6,000	280,000	1.5	875
London	2008	2,385	1,369	3.0	8,620	212,092	3.9	834
	2009(F)	1,840	750	1.5	7,500	213,500	4.2	840
	2010(F)	1,890	850	1.0	7,200	217,000	5.0	850
Montréal	2008	21,927	6,602	4.9	40,440	258,028	2.4	659
	2009(F)	18,300	5,100	2.4	40,100	271,000	2.1	668
	2010(F)	18,100	5,400	2.5	40,500	279,000	2.4	675
Oshawa <sup>1</sup>	2008	1,987	1,500	n.a.	8,797	273,984	4.2	889
	2009(F)	805	680	n.a.	8,700	279,000	3.7	905
	2010(F)	1,280	890	n.a.	8,100	292,500	3.3	920
Ottawa	2008	6,998	2,956	3.8	13,908	290,483	1.4	995
	2009(F)	5,125	2,250	1.2	14,200	300,000	1.1	1,025
	2010(F)	5,900	2,350	1.5	13,700	307,000	0.8	1,065
Québec	2008	5,457	2,031	5.3	8,003	193,195	0.6	653
	2009(F)	5,025	1,725	7.0	7,450	210,000	0.6	663
	2010(F)	5,000	1,600	5.0	7,700	218,000	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

<sup>1</sup> MLS® 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.

**NOTE:** Rental universe = Privately initiated rental apartment structures of three units and over

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)	850	550	5.0	3,600	245,000	1.2	800
	2010(F)	950	600	1.0	3,900	255,000	2.0	825
Saguenay	2008	869	400	n.a.	1,557	150,597	1.6	518
	2009(F)	515	315	n.a.	1,450	144,000	1.8	525
	2010(F)	800	290	n.a.	1,525	150,000	1.8	530
Saint John	2008	832	488	2.5	2,166	158,117	3.1	618
	2009(F)	715	400	3.8	1,750	168,500	2.8	630
	2010(F)	680	400	1.7	1,650	172,000	2.5	645
Saskatoon	2008	2,319	1,288	20.6	3,540	287,803	1.9	841
	2009(F)	1,100	900	-8.0	3,700	280,000	2.0	875
	2010(F)	1,400	1,000	1.5	3,900	286,000	3.0	880
Sherbrooke	2008	1,627	802	n.a.	1,864	179,434	2.8	543
	2009(F)	1,565	700	n.a.	1,870	186,600	3.0	555
	2010(F)	1,345	720	n.a.	1,950	194,000	3.1	565
St. Catharines-Niagara <sup>1</sup>	2008	1,138	680	4.3	5,896	203,648	4.3	777
	2009(F)	830	525	-1.0	5,500	210,000	4.0	790
	2010(F)	950	520	1.0	5,350	215,000	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	215,500	1.0	700
	2010(F)	1,800	1,450	4.0	3,575	225,500	1.5	725
Thunder Bay	2008	167	165	5.5	1,649	139,301	2.2	719
	2009(F)	190	160	1.5	1,320	145,000	1.6	730
	2010(F)	225	170	2.0	1,400	150,750	2.0	745
Toronto	2008	42,212	11,308	3.5	76,387	379,943	2.0	1,095
	2009(F)	27,400	7,500	-0.8	82,000	392,500	2.0	1,120
	2010(F)	34,200	9,400	-0.7	78,000	412,000	1.7	1,140
Trois-Rivières	2008	1,148	373	n.a.	799	141,610	1.7	505
	2009(F)	900	350	n.a.	1,030	137,000	1.8	520
	2010(F)	1,200	320	n.a.	1,080	140,000	2.0	530
Vancouver	2008	19,591	3,634	2.3	25,149	593,767	0.5	1,124
	2009(F)	9,000	2,400	-6.0	33,000	580,000	1.2	1,164
	2010(F)	13,000	3,000	1.0	35,000	605,000	1.5	1,210
Victoria	2008	1,905	673	-0.1	6,171	484,898	0.5	965
	2009(F)	945	560	-7.0	7,300	474,000	1.1	1,050
	2010(F)	1,350	700	-1.0	7,450	487,000	1.2	1,100
Windsor	2008	453	328	-2.2	4,546	159,709	14.6	772
	2009(F)	330	240	0.0	4,350	156,000	17.0	750
	2010(F)	425	300	0.5	4,250	160,000	14.0	760
Winnipeg	2008	3,009	1,930	10.2	11,854	196,940	1.0	769
	2009(F)	1,925	1,425	2.5	11,125	206,000	1.0	800
	2010(F)	2,400	1,600	3.0	11,500	214,000	1.2	825
All Major Areas	2008	156,783	56,262	3.4	324,699	322,845	2.2	847
	2009(F)	103,112	41,515	-3.1	333,940	336,245	2.3	870
	2010(F)	120,840	47,350	1.0	337,045	350,664	2.3	888

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

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