

# CANADIAN HOUSING OBSERVER 2012



Canada 

TENTH EDITION

  
CMHC  SCHL  
HOME TO CANADIANS



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Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 65 years.

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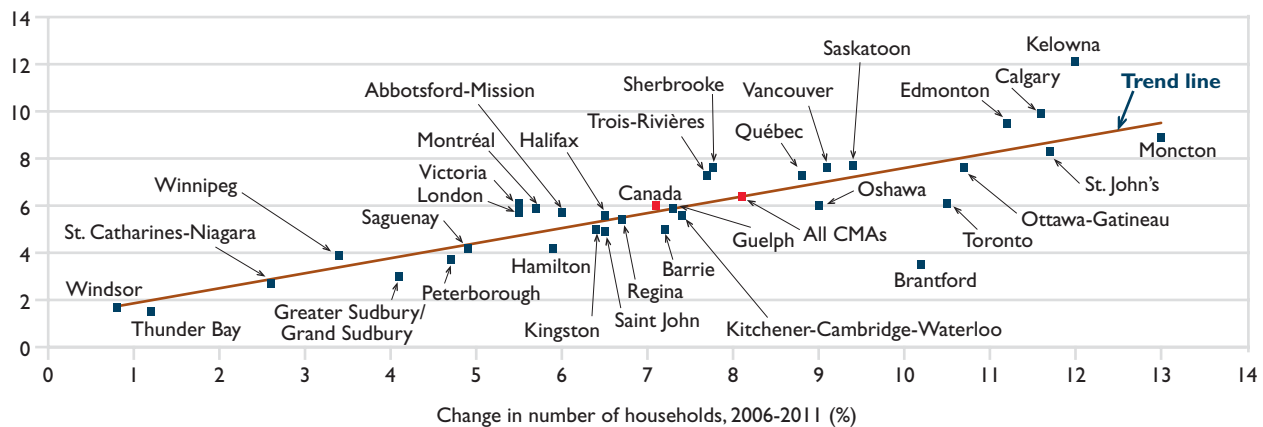
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## Housing completions are strongest in those Census Metropolitan Areas with the fastest growth in number of households

Average annual housing completions per 1,000 population, 2006-2011

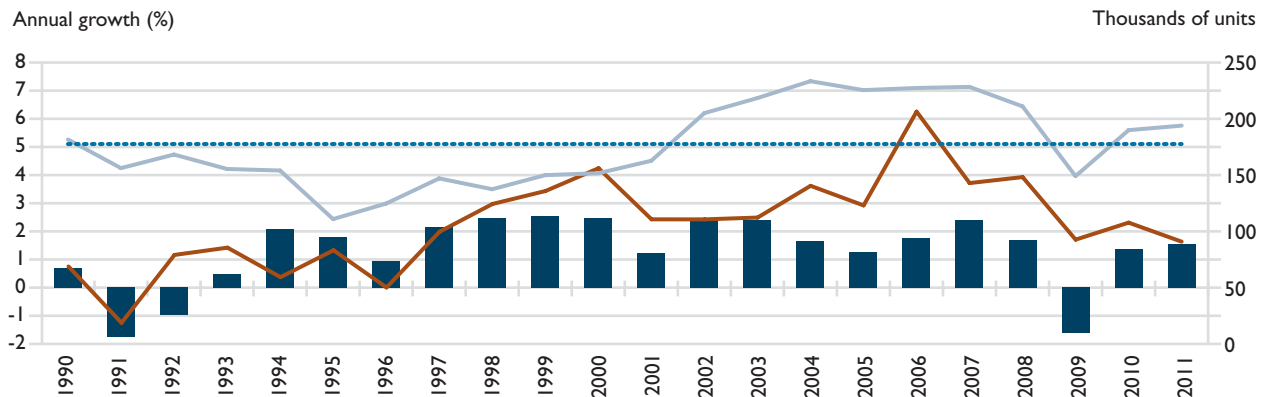


Per capita completions based on average of 2006 and 2011 census population counts.

Source: CMHC (*Starts and Completions Survey*) and adapted from Statistics Canada (*Census of Canada*)

A

## Recovery in employment since the 2008/2009 recession, and continued growth in real disposable income are providing a solid foundation for housing activity. Annual housing starts are at about the long-term average



Employment growth calculated from average monthly employment during the year.

Income growth based on quarterly average during the year.

Real disposable income = disposable income/consumption deflator.

Source: CMHC (*Starts and Completions Survey*) and adapted from Statistics Canada (CANSIM)

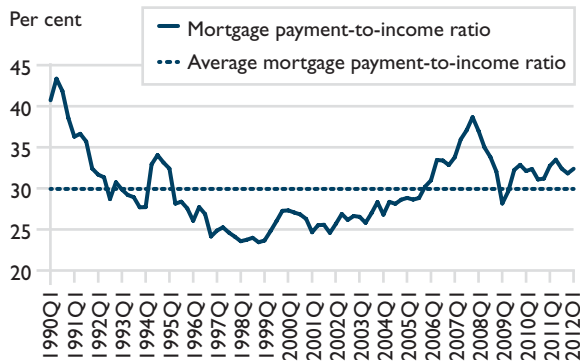
■ Employment (left scale)  
 — Real disposable income (left scale)  
 — Housing starts (right scale)  
 ... Average housing starts (right scale)

B





### Average mortgage payment as a percentage of personal disposable income per worker is close to its long-term average

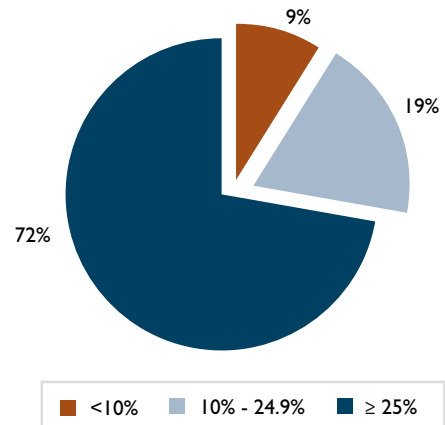


The monthly mortgage payment is calculated using the prevailing average MLS® price and the 5-year fixed mortgage posted rate prevailing in each period, assuming a 25% down payment and 25 year amortization. The income figure is personal disposable (after tax) income per worker.

Source: CMHC, adapted from Statistics Canada (CANSIM), unpublished data, and CREA (MLS®)

C

### Most mortgage holders have substantial equity in their homes<sup>1</sup>

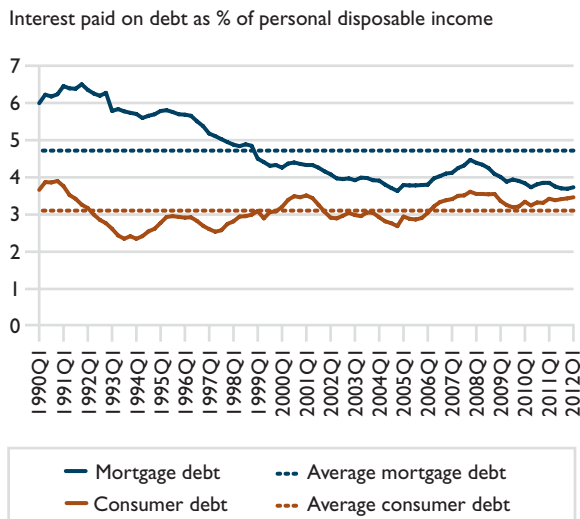


<sup>1</sup> Mortgages and Home Equity Lines of Credit (HELOCs) are deducted from the home values.

Source: CAAMP *Confidence in the Canadian Mortgage Market*, May 2012

D

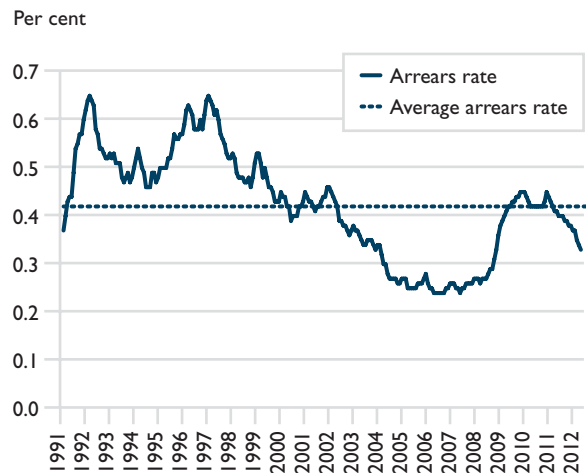
### Debt-service ratios are below or near their long-term averages



Source: Statistics Canada (CANSIM)

E

### The percentage of residential mortgages three months or more in arrears has been on a decline



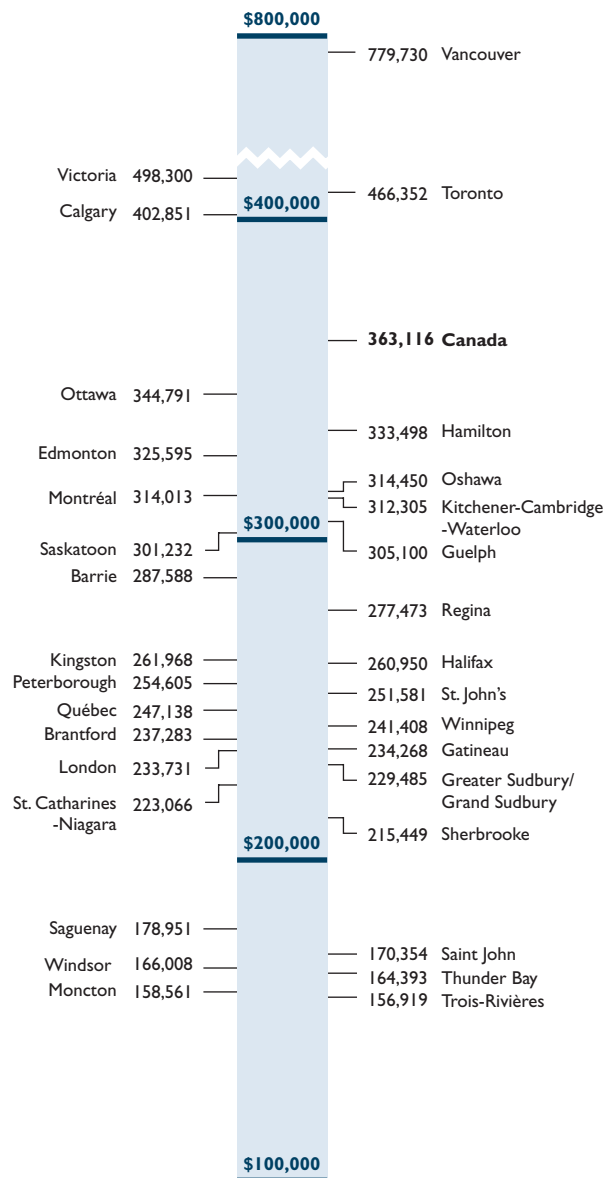
Source: Canadian Bankers Association

F

Housing markets are supported by strong demographic, economic and financial fundamentals

# Housing costs range across markets

## MLS® average prices in Vancouver were about 5 times those in Trois-Rivières in 2011

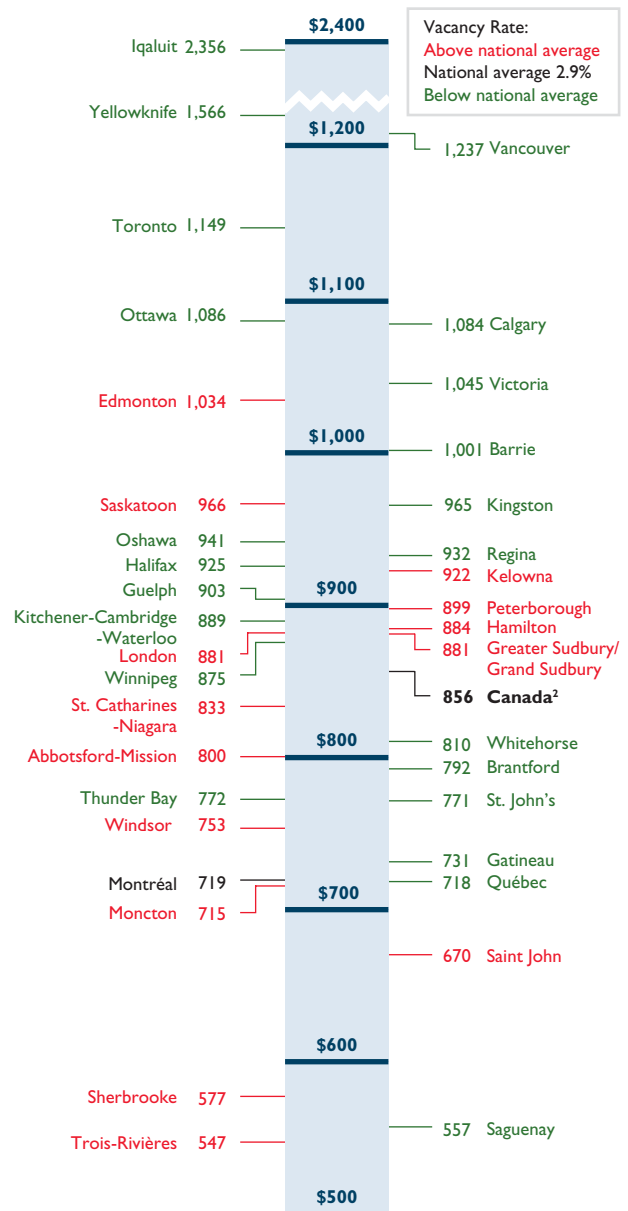


MLS® is a registered trademark of the Canadian Real Estate Association. The geographic definitions used by CREA differ from those used by Statistics Canada.

Source: CREA (MLS®), QFREB by Centris®

G

## Average rents<sup>1</sup> for a two-bedroom apartment varied widely in 2011



<sup>1</sup> In privately initiated apartment structures with at least three units.

<sup>2</sup> Based on provincial data.

Source: CMHC (Rental Market Survey)

H

# CANADIAN HOUSING OBSERVER 2012

TENTH IN A YEARLY SERIES

CMHC offers a wide range of housing-related information. For details, call 1-800-668-2642 or visit our home page at [www.cmhc.ca](http://www.cmhc.ca)

Cette publication est aussi disponible en français sous le titre *L'Observateur du logement au Canada 2012* (OPIMS : 67709).

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Library and Archives Canada Cataloguing in Publication

Canadian housing observer.

Annual  
2003-

Other editions available: Observateur du logement au Canada.

Issued also online.

ISSN: 1717-4600

ISBN 978-1-100-16888-3

Cat. no.: NH2-1/2012E

1. Housing--Canada--Periodicals. 2. Housing--Canada--Statistics  
--Periodicals. 3. Housing--Economic aspects--Canada--Periodicals. I. Canada  
Mortgage and Housing Corporation.

HD7305.C36

.5'097105

C2005-980291-X

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Printed in Canada

Produced by CMHC

## A MESSAGE FROM KAREN KINSLEY,

PRESIDENT AND CEO OF CANADA MORTGAGE AND HOUSING CORPORATION

Housing matters to Canadians. Much more than “bricks and mortar,” housing has social and economic significance that extends well beyond its role in providing shelter.

I am proud to present to you the *Canadian Housing Observer 2012*, CMHC’s flagship publication. The *Observer* provides an in-depth review of housing conditions and trends in Canada and describes the key factors that influence these developments.

The *Observer* reports that Canada’s housing markets are generally supported by demographic, economic and financial fundamentals, with recovery in employment since the 2008/2009 recession and continued growth in income providing a solid foundation for housing activity. Most homeowners have substantial equity in their homes, although the overall level of household indebtedness remains high.

In the area of housing finance, the *Observer* notes that covered bonds have been a growing source of mortgage funding, and I would like to draw your attention to the discussion in Chapter 2 of an important development this year: the introduction of a legal framework for covered bonds by the Canadian government to help facilitate this funding source, and of the related benefits to the Canadian housing finance system and the financial system at large.

As with previous issues, individual chapters review housing markets, housing finance, demographic and socio-economic influences on housing demand, recent trends in housing affordability and core housing need, and sustainable housing and communities.

CMHC’s website complements the *Observer* by offering a broad range of statistical information on housing conditions from national, regional and local perspectives. Notably, interactive local data tables are now available for over 160 municipalities across Canada. Another tool, CMHC’s *Housing in Canada Online* (HiCO), provides ready access to housing conditions data for specific geographic areas (Regional Municipalities, Census Metropolitan Areas and Census Agglomerations) and permits the user to create and save data profiles.

The *Observer* now has a 10-year history as a useful, relevant and reliable source of information and analysis for those in the private, non-profit and government sectors. I welcome your comments and suggestions on how we can improve future editions: please send them to *Canadian Housing Observer*, Policy and Research Division, CMHC, 700 Montreal Road, Ottawa ON K1A 0P7 or to [observer@cmhc.ca](mailto:observer@cmhc.ca).



A stylized handwritten signature in dark ink, consisting of several loops and a long horizontal stroke.

Karen Kinsley  
President and CEO, CMHC



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# Chapter 1

## Overview



## 10<sup>th</sup> Anniversary edition

From its first release in 2003, the Canadian Housing Observer has presented an annual, detailed review of housing conditions and trends in Canada and the key factors behind them. Considered CMHC's flagship publication, the Observer has always included chapters on demographic and socio-economic influences on housing demand, housing markets, housing finance, and housing affordability and core housing need. Beginning in 2005, a chapter on sustainable, healthy housing and communities was introduced. Additional chapters have also been included from time to time: Aboriginal housing; 60 years of housing progress in Canada; New housing for a changing world; Affordable housing; Housing and the economy; Northern housing; Housing research in Canada; An exploration of alternative measures of core housing need; Household indebtedness; Seniors' housing; and The evolution of social housing in Canada.

All continue to be available under "Past Articles" on the CMHC website at [www.cmhc.ca/observer](http://www.cmhc.ca/observer).

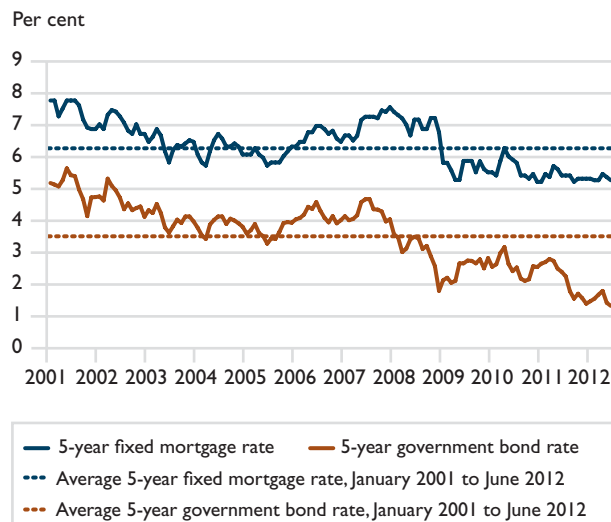
The Observer is comprised of both a print publication and extensive additional online information. The online data resources, which have been expanded over time in response to suggestions from our clients, include:

- Data on mortgage markets and all major housing markets;
- CMHC's own housing survey data;
- Housing in Canada Online, an interactive tool which provides CMHC's custom, Census-based, national, regional and local housing conditions data, including core housing need;
- Interactive charts of e.g. housing prices and rents; and
- Interactive profiles of local market data and housing conditions data for selected municipalities; these have now been expanded to include some 160 municipalities.

## Housing Finance

FIGURE 1-1

### Mortgage rates and government bond yields remain below historical averages



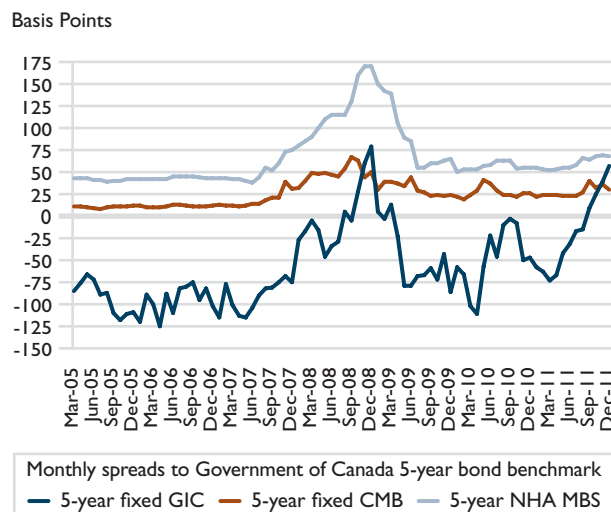
Source: Bank of Canada

Chapter 2 discusses the residential mortgage lending market, including consumer mortgage preferences, mortgage lenders and mortgage insurers, major mortgage funding sources, and recent housing finance policy and regulatory developments.

- Total residential mortgage credit outstanding reached \$1.112 trillion by January 2012, an increase of 7.4% compared to January 2011. Low mortgage rates and the recovering economy helped sustain demand for housing, which in turn supported growth in mortgage credit.
- A continued low mortgage rate environment kept interest paid on mortgage debt at a share of 3.7% of monthly household disposable income in 2011 and the first half of 2012. This is relatively unchanged compared to 3.8% in 2010, and lower than the historical average of 4.7% since 1990.
- The number of residential mortgages that were three months or more in arrears was trending down in 2011 and the first half of 2012, with an average of 0.41% and 0.36%, respectively. Conservative mortgage lending practices in Canada are among the factors contributing to this performance.

FIGURE 1-2

### The cost of funding through NHA MBS and CMB, as indicated by the respective spreads, has remained stable since mid-2009



Source: CMHC, Bank of Canada, CIBC World Markets, Scotia Capital Markets

- It has become an increasingly common practice of many lenders in Canada to discount the posted mortgage rates. Competition and the increasing role of mortgage brokers have enhanced the ability of borrowers to negotiate better mortgage rates or other terms. A 2011 survey by the Canadian Association of Accredited Mortgage Professionals (CAAMP) showed an average 5-year fixed rate of 3.92% among the surveyed borrowers, while the posted 5-year fixed rate in the same period averaged 5.38%, implying a discount of 1.46 percentage points on average.
- Mortgage borrowers nowadays have more options regarding term, type of mortgage rate and prepayment. Shifting preferences among mortgage product features indicate that borrowers are taking advantage of these options; e.g. 38% of borrowers taking out or renewing a mortgage in the first nine months of 2011

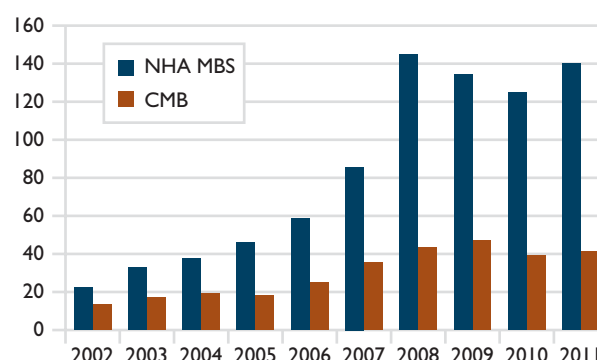
chose a variable rate, up from 35% in all of 2010, according to the 2011 CAAMP survey. At the same time, Canadians are actively paying off their mortgages sooner than required by their contract terms; e.g. by increasing their monthly payment, making a lump sum payment, or increasing the payment frequency (e.g. from monthly to bi-weekly), during the year before the survey.

- The issuance of *National Housing Act* Mortgage-Backed Securities (NHA MBS) grew rapidly during the 2008/2009 global financial crisis and increased to \$139.9 billion in 2011 from \$22.6 billion in 2002. Total issuance of Canada Mortgage Bonds (CMB) was \$41.3 billion in 2011, compared to \$13.2 billion in 2002. Issuance under the public securitization programs has increased in response to a growing demand for funding and a broadening range of participating lenders.
- Covered bonds are increasingly used by mortgage lenders as a new funding source, with issuance having grown substantially from \$2.8 billion in 2007 to \$25.7 billion in 2011.
- A legal framework for covered bonds was introduced by the Government in 2012, which aims to support financial stability by facilitating this new funding source for lenders and by making the market for Canadian covered bonds more robust. CMHC is responsible for administering this covered bond framework, which will be available to federally-regulated financial institutions and provincially-regulated cooperative credit societies.
- In June 2012, the Government further enhanced the criteria for government-backed insured mortgages to support the long-term stability of Canada's housing market. In the same month, the Office of the Superintendent of Financial Institutions (OSFI) published a Guideline for Residential Mortgage Underwriting Practices and Procedures for federally-regulated financial institutions engaged in the underwriting and/or the acquisition of residential mortgage loans in Canada.

FIGURE 1-3

### NHA MBS and CMB issuances have significantly contributed to mortgage funding since the global financial crisis<sup>1</sup>

Billions of dollars



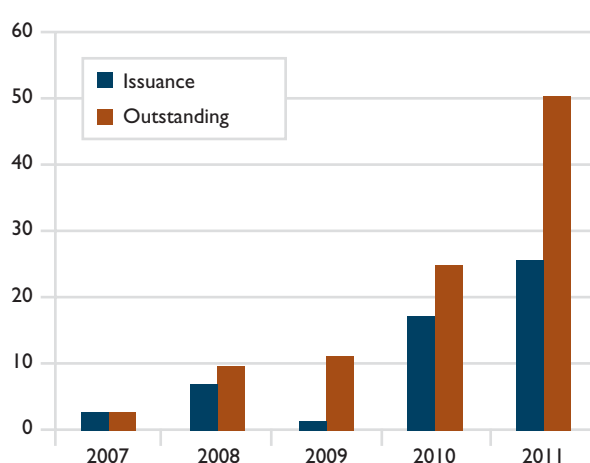
<sup>1</sup> The total NHA MBS issuance includes NHA MBS sold to capital market investors and to the Canada Housing Trust under the CMB program, as well as NHA MBS held by the issuers.

Source: CMHC

FIGURE 1-4

### Covered bonds are becoming a growing source of mortgage funding

Billions of dollars

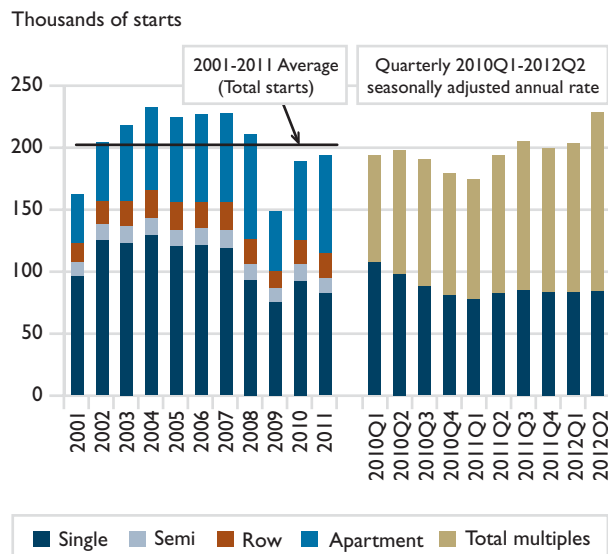


Source: CMHC, adapted from DBRS Monthly Canadian Covered Bond Report and Issuers' Monthly Covered Bond Program Investor Reports

## Housing Markets

FIGURE 1-5

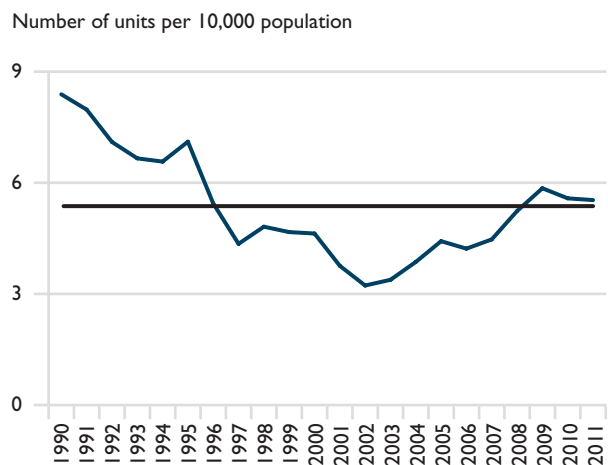
### Housing starts increased modestly in 2011



Source: CMHC (Starts and Completions Survey)

FIGURE 1-6

### The inventory of completed and unabsorbed housing remained above the long-term average



A dwelling is defined as being absorbed when a binding, non-conditional agreement is made to buy or rent the dwelling.

Source: CMHC

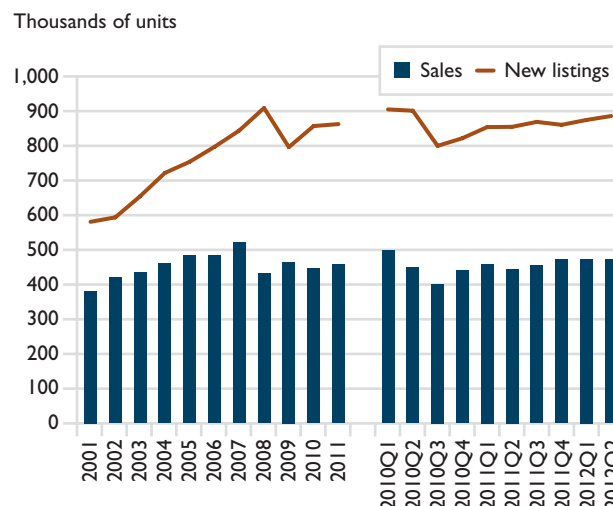
Chapter 3 examines trends and recent developments in housing markets including new housing starts, unabsorbed completed dwellings; sales, new listings and prices of existing homes; rents and vacancy rates; and renovation and other housing-related spending.

- From 1955 to 2011, the average annual rate of housing starts was 180,300 units per year. Starts in 2011 were 194,000 units—2.1% higher than starts of 190,000 units in 2010.
- Single dwelling starts fell by 11% to 82,392 units in 2011, while multiple dwelling starts increased by 14.6% to 111,558 units. This is consistent with a shift in price-sensitive consumer preferences away from single-detached toward multiple-type dwellings.
- In 2011, the share of condominium starts (which include all building types) was highest in Vancouver at 58%, followed by Montréal (56%) and Toronto (51%).
- Rental starts accounted for 10% of all starts in Vancouver and Montréal and 5% in Toronto.
- The average quarterly inventory of all newly completed and unoccupied housing units per 10,000 population in 2011 was 5.5 units, 2.8% above the historical average of 5.4 units.
- In 2011, sales of existing homes rose a modest 2.6% to 458,401 units, well below the 2007 peak of 521,036 units.
- The average resale price of a home in Canada increased 7.1% in 2011 to \$363,116. Vancouver had the highest average price at \$779,730 and Trois-Rivières the lowest at \$156,919.



- New home prices increased 2.2% in 2011, with price growth recorded in 16 of the 21 urban centres covered by Statistics Canada's New Housing Price Index.
- The average rent for a two-bedroom apartment in Census Metropolitan Areas increased 2.2% from October 2010 to October 2011 to \$883 per month. The highest rent was in Vancouver (\$1,237) and the lowest in Trois-Rivières (\$547). The largest rent increase was 6.2% in Regina and the biggest decrease was in Kelowna at -0.5%.
- The average national vacancy rate in apartment structures of 3 or more units for all centres of population 10,000 or more declined to 2.5% in October 2011 from 2.9% a year earlier.
- Renovation spending grew 3% in 2011 to \$43.8 billion. This is consistent with the modest rise in sales of existing homes, as much of renovation typically occurs in the first three years after home purchase.
- The share of total housing-related spending in nominal Gross Domestic Product was 19.6% in 2011, down slightly from 19.8% in 2010.

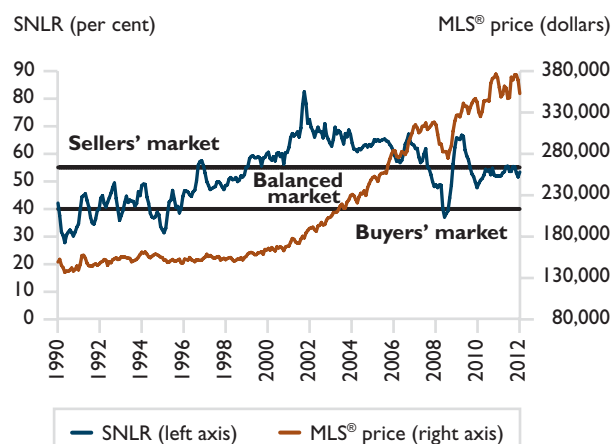
FIGURE 1-7

**MLS® sales and new listings both grew modestly**

Note: Quarterly data are seasonally adjusted at annual rate (SAAR).

Sources: Canadian Real Estate Association (CREA); Quebec Federation of Real Estate Boards (QFREB). MLS® is a registered trademark for CREA.

FIGURE 1-8

**The average MLS® sales-to-new-listings ratio fell to about 53% in 2011 while the average MLS® price increased 7.1% to \$363,116<sup>1</sup>**


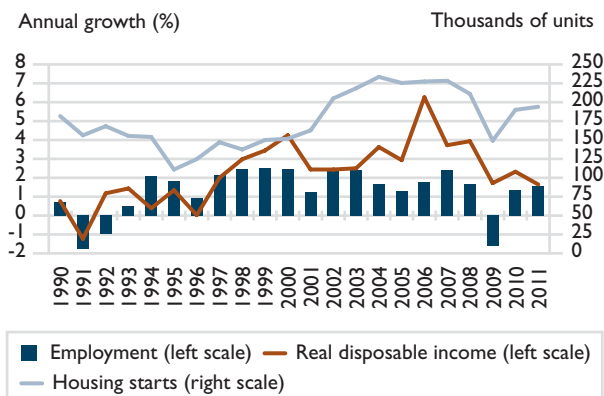
<sup>1</sup> Monthly data are shown. Latest data point is July 2012.

Sources: Canadian Real Estate Association (CREA); Quebec Federation of Real Estate Boards. MLS® is a registered trademark for CREA.

## Demographic and Socio-economic Influences on Housing Demand

FIGURE 1-9

### Employment and income growth supported rebound in housing starts



Employment growth calculated from average monthly employment during the year.

Income growth based on quarterly average during the year.

Real disposable income = disposable income/consumption deflator.

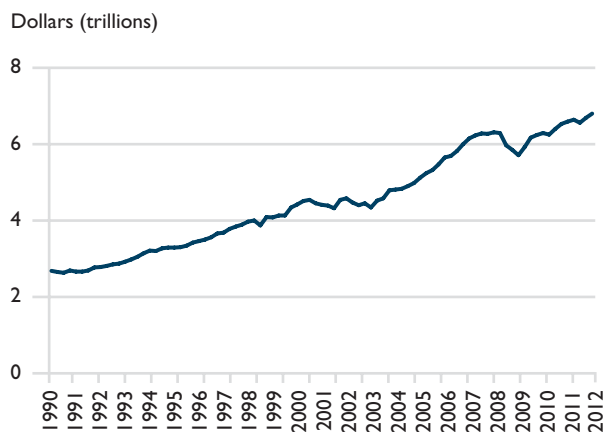
Source: CMHC (*Starts and Completions Survey*) and adapted from Statistics Canada (CANSIM)

Chapter 4 discusses trends in employment, income, wealth, population and household formation and their influences on housing demand.

- The labour market generates the earnings which affect household formation decisions and housing choices of working individuals and families.
- After falling during the recession in 2009, employment grew 1.4% in 2010 and 1.6% in 2011. Total employment rose above pre-recession levels, and the national unemployment rate dropped for the second year in a row, to 7.4%.
- Saskatchewan (at 5.0%) had the lowest unemployment rate of any province or territory.
- Inflation-adjusted disposable income grew—more strongly in 2010 than in 2011—in conjunction with the employment gains.
- The real collective net worth of Canadian households has recovered since the economic downturn.
- The real value of residential structures and land has increased, and home equity accounted for a rising share of household net worth over the past decade.
- Population growth drives household formation, typically the largest component of housing demand.
- Household growth in Canada was stronger from 2001 to 2011 (averaging about 175,000 per year between 2001 and 2006 and 177,000 between 2006 and 2011) than in the previous decade (when it averaged about 154,000 per year), consistent with stronger population growth and rising immigration during the period.

FIGURE 1-10

### The real collective net worth of the household sector has recovered



Quarterly data are shown. Latest data point is 2012 Q1.

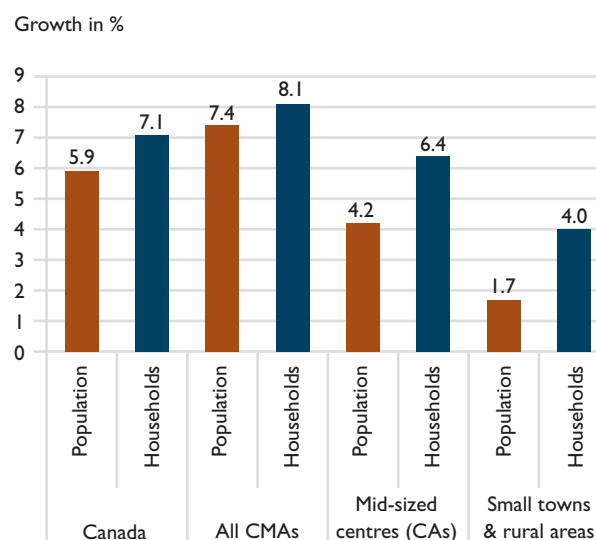
Data refer to persons and unincorporated businesses (the household sector).

Source: CMHC, adapted from Statistics Canada (CANSIM)

- Canada is increasingly urban, with populations in Census Metropolitan Areas (CMAs) growing faster than other parts of the country. CMAs accounted for 85% of population growth in Canada from 2006 to 2011. Population increased 7.4% in CMAs, 4.2% in mid-sized centres, and 1.7% in small towns and rural areas.
- Over the past 40 years, variation in the rate of household formation closely paralleled the volume of housing construction. From mid-year 2006 through mid-year 2011, CMAs accounted for 73% of all housing completions in Canada.
- The number of homes built in Canada from 2001 to 2011 exceeded the net increase in households by about 225,000. Available evidence suggests that the excess of housing completions over household formation is due to growth in the number of second homes, as well as ongoing replacement of homes lost to, for example, fire, demolition or conversion to other uses.
- Moncton had the highest rate of household growth of any CMA from 2006 to 2011, followed by Kelowna, St. John's, Calgary, and Edmonton.
- The number of homes built per capita in CMAs with relatively high rates of household formation is typically many times higher than in slow-growing centres.

FIGURE 1-11

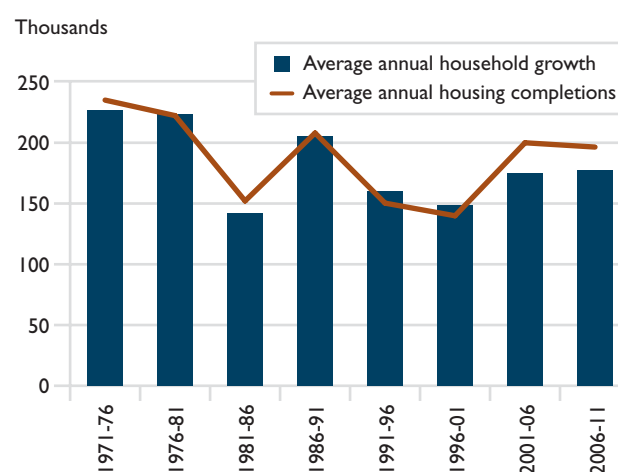
### Growth in population and number of households was highest in CMAs from 2006 to 2011



Source: CMHC, adapted from Statistics Canada (Census of Canada)

FIGURE 1-12

### Housing completions exceeded household growth from 2001 to 2011



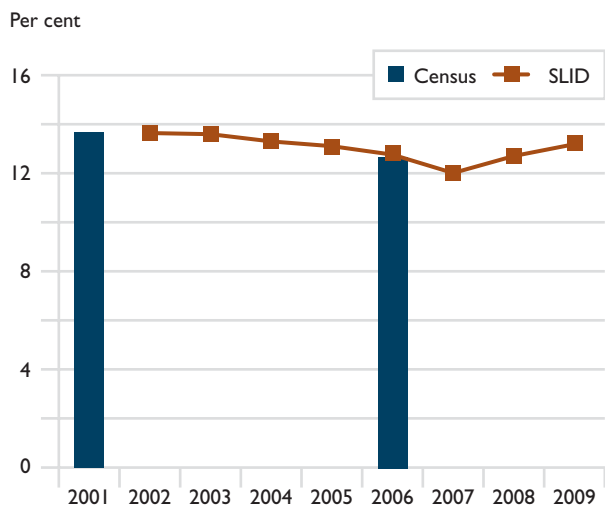
Completions based on totals for 3<sup>rd</sup> quarter through 2<sup>nd</sup> quarter.

Source: CMHC (Starts and Completions Survey) and adapted from Statistics Canada (Census of Canada)

## Recent Trends in Housing Affordability and Core Housing Need

FIGURE 1-13

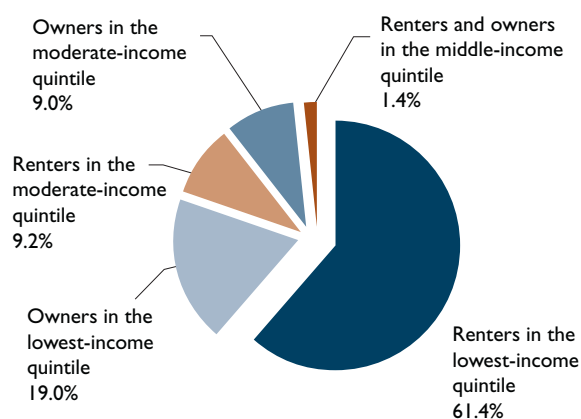
**After decreasing from 13.9% in 2002 to 12.3% in 2007, urban core housing need increased to 13.5% in 2009**



Source: CMHC (Census- and SLID-based housing indicators and data)

FIGURE 1-14

**About 80% of urban households in core housing need in 2009 were in the lowest-income quintile**



All figures are rounded.  
There are no households in core housing need in the upper- and highest-income quintiles.

Source: CMHC (SLID-based housing indicators and data)

Chapter 5 examines trends in urban housing conditions based on annual data from the *Survey of Labour and Income Dynamics* (SLID).

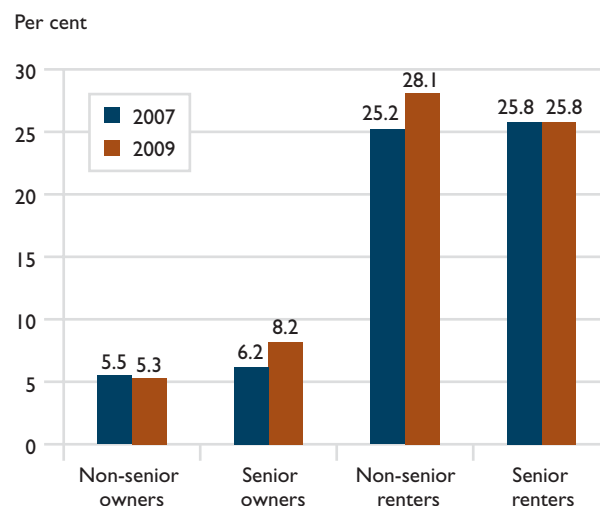
- The incidence of core housing need for urban households increased from 12.3% in 2007 to 13.5% in 2009, consistent with economic conditions during this period. The median depth of need also increased from \$1,910 in 2007 to \$2,270 in 2009 (in 2009 constant dollars).
- In 2009, there were 1.4 million urban households in core housing need, an increase of 164,000 households over 2007. Ontario and British Columbia, whose incidences of core housing need were highest at 15.4% and 17.1%, respectively, accounted for 88% of this increase.
- Non-senior men living alone, whose incidence of core housing need increased from 18.5% in 2007 to 23.4% in 2009, was the household type which accounted for the largest share (39%) of the increase in the number of urban households in core housing need from 2007 to 2009.
- In 2009, the *incidence* of urban core housing need was highest for:
  - households in the lowest-income quintile (at 54.1%), and particularly for renter households in this income quintile (at 60.5%);
  - lone-parent households (at 32.9%) and one-person senior female households (at 27.2%);
  - renter households (at 28.2%); and
  - households in Vancouver (at 20.5%), Toronto (at 17.8%), and Halifax (at 16.4%).
- In 2009, the largest *shares* of urban core housing need were:
  - households which failed to meet the affordability standard, either alone (75%) or along with failing to meet one or both of the adequacy and suitability standards (16%);
  - households in the lowest-income quintile (80%); and
  - renters in the lowest three income quintiles (71%).



- Over the period 2002-2007, 81.4% of individuals were never in core housing need. Of the 18.6% who were in core housing need at least one year, the majority (62%) were in core need one or two years.
- Since 2001, the Government of Canada has been investing in affordable housing through the Affordable Housing Initiative (AHI) and, more recently, through the Investment in Affordable Housing (IAH) 2011-2014. The Government has also invested in affordable housing through Canada's Economic Action Plan and continues to provide assistance for low-income households living in existing social housing.
- In July 2011, a Framework for the Investment in Affordable Housing (IAH) 2011-2014 was jointly announced by federal, provincial and territorial ministers responsible for housing for a combined total investment over the three years of \$1.4 billion toward reducing the number of Canadians in housing need. The Framework recognizes the diversity of housing needs of Canadians and that a range of housing solutions—from existing programs to new approaches—is the most effective in meeting local needs and priorities. Under this Framework, provinces and territories cost-match the federal investment and have responsibility for the design and delivery of affordable housing programs in order to address their own specific housing needs and priorities in their jurisdictions. New housing must remain affordable for a minimum of 10 years. Initiatives under the Framework may include new construction, renovation, homeownership assistance, rent supplements, shelter allowances, and accommodations for victims of family violence.
- The Government, through CMHC, invests about \$1.7 billion annually in support of an estimated 605,000 low-income households living in existing social housing across Canada. This funding helps ensure that these households have access to affordable, sound and suitable housing.

FIGURE 1-15

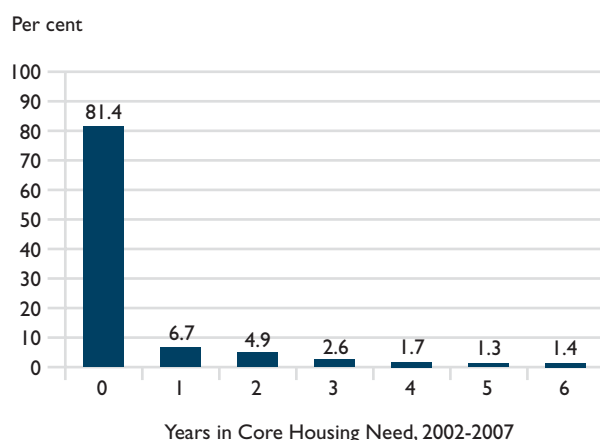
**The percentage of urban households in core housing need increased for senior owners and non-senior renters from 2007 to 2009**



Source: CMHC (SLID-based housing indicators and data)

FIGURE 1-16

**Of the 18.6% of urban individuals in core housing need for at least one year during 2002-2007, the majority (62%) were in core need for one or two years**

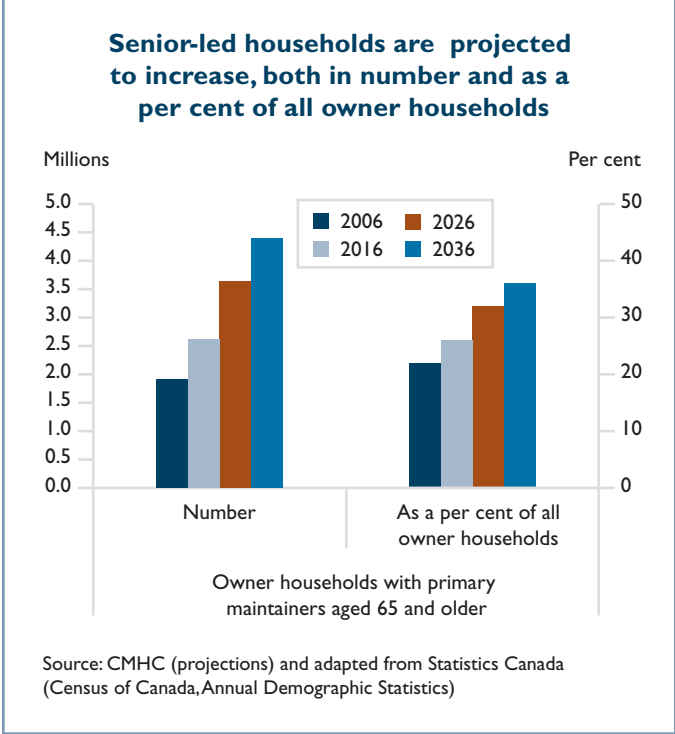


The years in core housing need are not necessarily consecutive years.

Source: CMHC (SLID-based housing indicators and data)

# Sustainable Housing and Communities - Flexible Housing

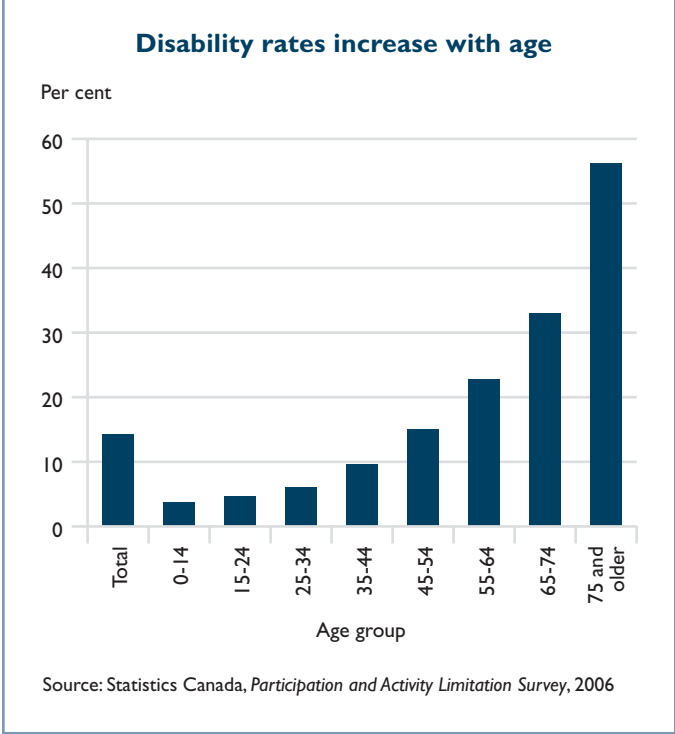
FIGURE 1-17



Chapter 6 provides an overview of the flexible housing concept including its history, main features and relevance to current and future housing, communities and environmental challenges.

- The flexible housing concept has its roots in the innovative Grow Home developed in 1990 by Avi Friedman and Witold Rybczynski of the McGill University School of Architecture in Montréal. The Grow Home concept offered affordable, modestly sized, homes that incorporated flexible and easily adaptable living spaces.
- Building on the Grow Home concept, CMHC created FlexHousing™ in 1995 as part of the universal design/inclusive design movement. The objectives of FlexHousing™ were to allow people to occupy their homes for longer periods of time; create housing that meets a wide range of occupant needs; and improve the convenience of a home for its occupants. The four basic principles of flexible design are adaptability, accessibility, affordability and occupant health.
- Flexible housing is achieved through planning, design, and construction or renovation. Forethought and careful consideration of possible future needs are required at the planning and design stage to permit maximum flexibility, for the least cost, in the living spaces over time. For instance, to facilitate future division of a large bedroom into two smaller rooms, the floor or roof structure above should be free-spanning (i.e., without intermediate columns, pillars or other structural elements) to allow non-structural partitions to be located where desired. Windows must be strategically positioned to serve both current and future configurations.

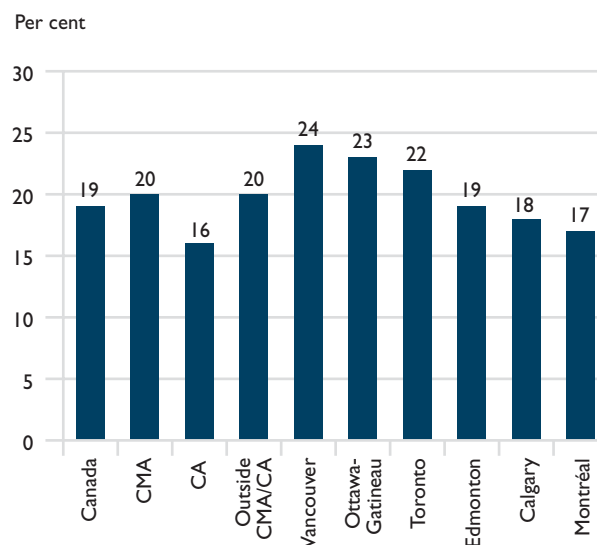
FIGURE 1-18



- Flexible housing is a good choice for households which will need a home office or an independent suite for a tenant or caregiver. In 2008, about 19% of workers (both employed and self-employed) worked at home at least part of the time.
- Flexible housing meets the needs of an aging population by facilitating seniors' comfort, security, independence, well-being and preference for aging-in-place. Flexible housing accommodates persons with mobility, cognitive and agility disabilities because it is designed to meet their accessibility and other needs.
- Flexible housing also supports multi-generational living; design features can be provided to better accommodate future living arrangements for an elderly parent, an adult child or extended family members.
- Although the incorporation of flexible housing features may initially result in slightly higher costs than in a conventional house, it can offer significant savings compared to the demolition and renovation costs for incorporating the features at a future date. Inexpensive flexible design features can eventually mean the difference between remaining in the family home or having to relocate at a vulnerable point in one's life. The incremental costs of flexible housing features can be less than the cost of relocating when all related expenses, such as packing, moving, new furnishings and appliances, commissions and various fees are factored in.
- In 2010, about 64% of Canada's housing stock was at least 30 years old. Repairs and renovations to older housing offer a cost-effective opportunity to build flexible housing features into existing homes that can better meet the changing needs of the population.
- Flexible housing design may be combined with sustainable housing features that provide energy and resource efficiency, healthy indoor environments and low environmental impact.

FIGURE 1-19

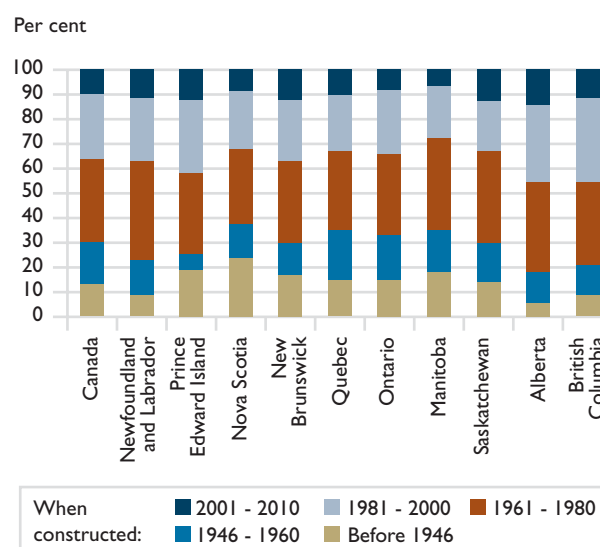
### About one in five paid workers do some or all of their paid work at home



Source: Statistics Canada, General Social Survey, 2008

FIGURE 1-20

### About 64 per cent of Canada's housing stock was at least 30 years old as of 2010



Source: Statistics Canada (Survey of Household Spending, 2010)

# Chapter 2

## Housing Finance



### Fast Facts

- Total residential mortgage credit outstanding reached \$1.112 trillion by January 2012, an increase of 7.4% from January 2011.
- The proportion of residential mortgages that were three months or more in arrears was trending down in 2011 and the first half of 2012, with an average of 0.41% and 0.36% respectively, lower than the average of 0.43% in 2010, and slightly above the average of 0.33% in the previous decade (2001-2010).
- Mortgage insurance plays an important role in Canada by helping consumers purchase homes with a minimum down payment of 5% at interest rates comparable to those paid by buyers with a 20% (or higher) down payment.
- The average homeowner equity in CMHC's insured portfolio in 2011 has remained constant from 2010 at 44%.
- The issuance of *National Housing Act* Mortgage-Backed Securities (NHA MBS) has increased over the years, from \$22.6 billion in 2002 to \$139.9 billion in 2011, in response to the demand for funding, particularly during the global financial crisis, and a broadening range of participants.
- Participation by lenders other than the big 6 banks in the 5-year fixed rate CMB issuance volume increased from 19% in 2006 to 61% by mid-2012, facilitating competition in mortgage lending.
- Covered bond issuance, a relatively new mortgage funding source, has increased substantially from \$2.8 billion in 2007 to \$25.7 billion in 2011.
- In 2012, the government amended the *National Housing Act* to introduce a legal framework for covered bonds in Canada. CMHC is responsible for administering the framework.

This chapter offers an overview of recent housing finance developments in Canada. The first section discusses major features of, and changes in, the residential mortgage lending market, including consumer mortgage preferences, as well as a brief review of mortgage lenders and mortgage insurers. The second section examines major mortgage funding sources such as deposits, securitization, and covered bonds. The third section highlights recent important housing finance policy and regulatory developments. Finally, an article provides an overview of Canadian covered bonds and important developments.

## Features of the residential mortgage market

### Residential mortgage credit

Total residential mortgage credit outstanding<sup>1</sup> reached \$1.112 trillion by January 2012,<sup>2</sup> an increase of 7.4% compared to January 2011. Low mortgage rates and the recovering economy helped sustain demand for housing, which in turn supported growth in mortgage credit. The year-over-year growth rate in January 2012, although slightly higher than the 7.2% growth rate in 2010, is markedly lower than the average annual growth rate of 9.3% for the decade 2001-2010.

### Mortgage rates

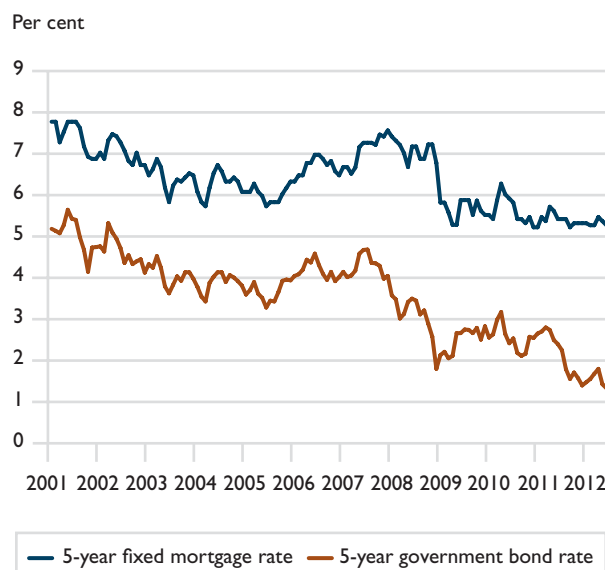
The Bank of Canada maintained its overnight rate at 1% in 2011 and up to October of 2012.<sup>3</sup> The overnight rate is often an indication of short-term funding costs and historically has been highly correlated to variable mortgage rates (*see text box Some common mortgage terminology*). As a result, variable mortgage rates have been relatively stable during this period.

Longer-term fixed mortgage rates in Canada are influenced also by conditions in the bond markets, including the government bond yield of similar term. For example, the 5-year posted fixed mortgage rates

have generally been correlated with the 5-year government bond yield in the long run (*see Figure 2-1*). Government bond yields decreased between March and December 2011 and again during May and June in 2012 as a result of a number of factors, one of which was likely concerns with European sovereign debt. Likewise, the 5-year posted fixed mortgage rates have been on a declining trend since April 2011, averaging 5.36% over the 12 months ending March 2012, which is lower than the average of 5.61% in 2010. However, the 5-year fixed rates declined relatively less than the government bond yield during the same period, as the mortgage rates are also influenced by other funding costs.

FIGURE 2-1

#### 5-year fixed mortgage rate<sup>1</sup> and the 5-year government bond yield, 2001-2012<sup>2</sup>



<sup>1</sup> Chartered bank posted interest rates.

<sup>2</sup> Latest data point is June 2012.

Source: Bank of Canada

<sup>1</sup> The Bank of Canada reports Home Equity Lines of Credit (HELOCs) data under consumer credit, rather than residential mortgage credit. However, lenders may include HELOCs in their mortgage credit data when reporting to the Bank of Canada.

<sup>2</sup> Bank of Canada. *The Weekly Financial Statistics* – 23 March 2012 issue [www.bankofcanada.ca/publications-research/periodicals/wfs/](http://www.bankofcanada.ca/publications-research/periodicals/wfs/) (April 18, 2012).

<sup>3</sup> Latest data available as of the time of writing.



## Some common mortgage terminology<sup>1</sup>

- **Mortgage term** is the length of time a mortgage agreement will be in effect (for example, five years). At the end of the term, the borrower(s) has to either pay off the outstanding mortgage amount in full, or renew for another mortgage term (which includes renegotiating the mortgage rate and some other mortgage features).
- **Amortization period** is the length of time it would take to pay off a mortgage in full (e.g. 25 years).
- **Fixed mortgage rate** is a mortgage interest rate that is fixed for the duration of the mortgage term.
- **Variable mortgage rate** (including adjustable rate) is a mortgage interest rate that varies during the mortgage term.
- **Posted mortgage rate** is the rate publicly advertised by lenders. (Lenders often offer borrowers a discount from this rate.)
- **Combination mortgage** typically has a portion of the mortgage term or mortgage loan amount at a fixed rate and the remaining portion is at a variable rate. Some mortgage products may also offer a combination of amortizing and non-amortizing (i.e., Home Equity Line of Credit (HELOC)) components or, in general, components with different features.

<sup>1</sup> Adapted from Financial Consumer Agency of Canada definitions. [www.fcac-acfc.gc.ca/eng/consumers/mortgages/index-eng.asp](http://www.fcac-acfc.gc.ca/eng/consumers/mortgages/index-eng.asp) (April 18, 2012).

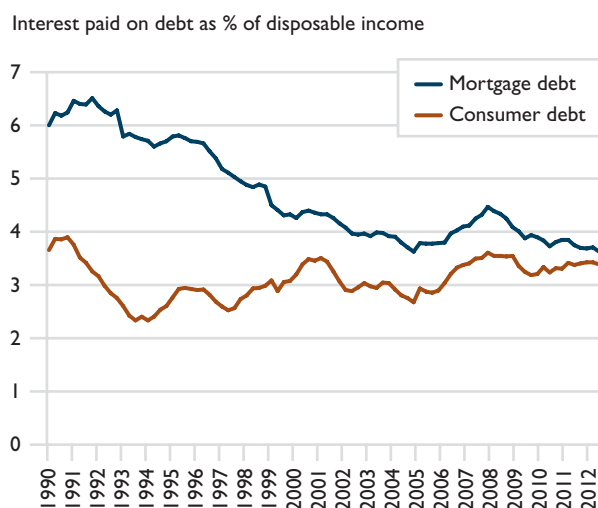
## Household mortgage debt service

Due to a continued low mortgage rate environment, interest paid on mortgage debt as a share of monthly household disposable income in 2011 and the first half of

2012 was 3.7%, relatively unchanged compared to 3.8% in 2010, and much lower than the historical average of 4.7% since 1990. The opposite trend, however, can be seen for consumer debt.<sup>4</sup> The interest paid on consumer debt as a share of monthly household disposable income was 3.4% for 2011 and the first half of 2012, slightly above the average of 3.1% for the last two decades (*see Figure 2-2*).

FIGURE 2-2

### Quarterly household debt-service ratios, 1990-2012<sup>1</sup>



<sup>1</sup> Latest data point is 2012 Q2.

Source: Statistics Canada (CANSIM)

## Mortgage product preferences

There has been an increasing variety of mortgage products offered in the Canadian market in the past decade. Mortgage borrowers nowadays have more options regarding amortization period, term, type of mortgage rate, prepayment, as well as an enhanced ability to negotiate mortgage rates. Shifting preferences among mortgage product features indicate that borrowers are taking advantage of these options. As well, mortgage brokers, used by 27% of mortgage consumers according to the

<sup>4</sup> Consumer debt, as defined by Statistics Canada, includes debt outstanding on credit cards, personal and home equity lines of credit, secured and unsecured loans from banks and other institutions, and unpaid bills (e.g. for taxes or rent). See [www.statcan.gc.ca/pub/75-001-x/2012002/article/11636-eng.htm](http://www.statcan.gc.ca/pub/75-001-x/2012002/article/11636-eng.htm) (November 27, 2012).



2012 CMHC *Mortgage Consumer Survey*,<sup>5</sup> have facilitated borrowers' access to a broader range of mortgage products and lenders.

### Mortgage amortization and term

Under the government-backed mortgage insurance framework, effective July 9, 2012, the maximum amortization period for insured mortgages with loan-to-value (LTV) ratios above 80% was reduced from 30 years to 25 years. Some lenders, however, continue to offer uninsured mortgage loans with LTV ratios at or below 80% and amortization periods of up to 35 or 40 years.

According to a survey by the Canadian Association of Accredited Mortgage Professionals (CAAMP) in 2011,<sup>6</sup> 78% of the surveyed mortgage holders had mortgage amortization periods of 25 years or less, and the remaining 22% had amortization periods longer than 25 years.

Regarding mortgage term, the 2011 Financial Industry Research Monitor's (FIRM)<sup>7</sup> *Residential Mortgage Survey* confirms the popularity of the 5-year term: 65% of the borrowers who initiated or renewed in the six months prior to the survey opted for a 5-year term. Another 26% chose a term ranging from 6 months to 4 years, while the remaining borrowers had mortgage terms longer than 5 years.

### Type of mortgage rate

The 2011 CAAMP survey showed that about 60% of existing borrowers had fixed-rate mortgages, 31% had variable-rate mortgages, and others had combination mortgages. Some fixed-rate borrowers accept higher fixed mortgage rates instead of lower initial variable rates as they prefer certainty and stability of their mortgage payments.

However, in recent years, the preference for variable-rate mortgages has been increasing. According to the 2011 FIRM survey, 38% of borrowers taking out or renewing

a mortgage in the first nine months of 2011 chose a variable rate, up from 35% in all of 2010.

### Prepayment

The 2012 CMHC *Mortgage Consumer Survey* found that many Canadians are actively paying off their mortgages sooner than required by their contract terms. Of recent buyers surveyed, 44% set mortgage payments higher than the minimum required, and 31% had already made lump sum prepayments or increased their regular payment or both.

This prudent practice of Canadians is also confirmed by the 2011 CAAMP survey, which found that 36% of mortgage holders made additional efforts to accelerate payments, e.g. by increasing their monthly payment, making a lump sum payment, or increasing the payment frequency (e.g. from monthly to bi-weekly) during the year before the survey.

### Mortgage rate discounting

The posted mortgage rates publicly advertised by lenders are not always the actual rates applied to a mortgage. In fact, it has become an increasingly common practice of many lenders in Canada to discount the posted mortgage rates upon negotiating with borrowers or mortgage brokers. Competition in the mortgage market, the diversity of mortgage lenders, and the increasing role of mortgage brokers have enhanced the ability of borrowers to negotiate better mortgage rates or other terms.

The specific discount varies depending on borrower characteristics, mortgage products, lender, and market conditions.<sup>8</sup> The 2011 CAAMP survey showed an average 5-year fixed rate of 3.92% among the surveyed borrowers, while the posted 5-year fixed rate in the same period averaged 5.38%, implying a discount of 1.46 percentage points on average.

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<sup>5</sup> [www.cmhc-schl.gc.ca/en/hoficlincl/moloin/cosu/\(July 3, 2012\)](http://www.cmhc-schl.gc.ca/en/hoficlincl/moloin/cosu/(July%203,%202012)).

<sup>6</sup> Canadian Association of Accredited Mortgage Professionals (CAAMP). 2011. *Annual State of the Residential Mortgage Market in Canada* [www.caamp.org/meloncms/media/Fall%20Consumer%20Report%20web.pdf](http://www.caamp.org/meloncms/media/Fall%20Consumer%20Report%20web.pdf) (November 26, 2012).

<sup>7</sup> The Financial Industry Research Monitor (FIRM) Residential Mortgage Survey, prepared for CMHC by Altus Group Consulting and Ipsos-Reid (Fall 2011).

<sup>8</sup> There is no consistent public data on the mortgage discount offered by lenders to borrowers.

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## Home Equity Line of Credit (HELOC)

Although secured by home equity, HELOCs are in many cases considered consumer debt.<sup>9,10</sup> Market observers, e.g. Standard & Poor's (S&P),<sup>11</sup> have noted a shift in consumer borrowing from traditional amortizing loans to lines of credit, including HELOCs, during the past decade. Lines of credit, including HELOCs, increased from 35% of banks' personal loans in 2001 to 59% in 2011, of which 80% (\$236 billion) are secured by residential real estate, according to the S&P estimate.

## Mortgage arrears

The number of Canadian residential mortgages that were three months or more in arrears was trending down in 2011 and the first half of 2012, with an average of 0.41% and 0.36% respectively.<sup>12,13</sup> In comparison, the arrears rate for all mortgages in the United States was 3.04% in the second quarter of 2012.<sup>14</sup> Conservative mortgage lending practices in Canada are among the factors contributing to this performance (*see text box Stable and prudent mortgage lending*). The Financial Stability Board (FSB), in its January 2012 peer review of Canada,<sup>15</sup> recognized "conservative loan underwriting standards" as one of the important factors contributing to the resilience of Canada's financial system through the global financial crisis.

## Changes to accounting treatment of securitized mortgages

Beginning on or after January 1, 2011, all federally-regulated entities in Canada, including mortgage lenders and other housing finance institutions, were required to implement International Financial Reporting Standards (IFRS). The transition to IFRS changed the accounting treatment for securitized mortgages. Under the new IFRS standards, mortgage assets sold by financial institutions through CMHC's existing securitization programs<sup>16</sup> no longer achieve off-balance sheet treatment in most cases, and thus federally-regulated mortgage lenders are required to consolidate securitized mortgages on their balance sheets.

## Mortgage lenders

A diverse range of mortgage lenders operate in the Canadian mortgage market.<sup>17</sup>

- Chartered banks are the largest mortgage lenders in Canada, holding 75% of total outstanding residential mortgage credit on their balance sheets as of January 2012, including mortgages that have been securitized.
- The second-largest group of mortgage lenders are credit unions and caisses populaires, holding 12% of the mortgages outstanding on their balance sheets.

<sup>9</sup> Lenders do not treat HELOCs in a consistent way; some consider them residential mortgage credit while others treat them as consumer credit. HELOCs are not included in the mortgage credit data reported by the Bank of Canada according to the Bank.

<sup>10</sup> Effective April 18, 2011, non-amortizing HELOCs are no longer eligible for mortgage loan insurance under the government-backed mortgage insurance framework.

<sup>11</sup> Standard & Poor's. 2012. *Canada's Structured Finance Market is Expected to Maintain its Positive Momentum in 2012* [http://static.ow.ly/docs/CanadaStructuredFinanceOutlook\\_wBC.pdf](http://static.ow.ly/docs/CanadaStructuredFinanceOutlook_wBC.pdf) (May 3, 2012).

<sup>12</sup> This is lower than the average of 0.43% in 2010, and slightly above the average of 0.33% in the previous decade (2001-2010).

<sup>13</sup> CMHC, adapted from Canadian Bankers Association (CBA). [www.cba.ca/contents/files/statistics/stat\\_mortgage\\_db050\\_en.pdf](http://www.cba.ca/contents/files/statistics/stat_mortgage_db050_en.pdf) (September 25, 2012).

<sup>14</sup> In the second quarter of 2012, according to the Mortgage Bankers Association, the U.S. arrears rate (i.e., 90 days or more in arrears) was 1.46% for prime fixed mortgages, 4.48% for prime adjustable-rate mortgages, and 9.16% for subprime mortgages.

<sup>15</sup> Financial Stability Board. 2012. *Peer Review of Canada*. [www.financialstabilityboard.org/publications/r\\_120130.pdf](http://www.financialstabilityboard.org/publications/r_120130.pdf) (May 3, 2012).

<sup>16</sup> *National Housing Act* Mortgage-Backed Securities (NHA MBS) and Canada Mortgage Bonds (CMB).

<sup>17</sup> The data in this section is calculated from the residential mortgage credit data in the Bank of Canada Banking and Financial Statistics (February 2012). Note that with the adoption of International Financial Reporting Standards (IFRS), the majority of banks' securitization volume (via both public and private programs) is now recorded on balance sheet.

- Other types of mortgage lenders are life insurance companies and pension plans, together accounting for 2%; trusts and loan companies holding 3%; and non-depository and other financial institutions holding 4% of the outstanding mortgage credit on their balance sheets.
- The remaining 4% of the total outstanding mortgage credit corresponded to securitized mortgages that were not recorded on lenders' balance sheets.

### Regulatory framework applied to mortgage lenders

The majority of mortgage lenders in Canada are regulated financial institutions although they may not be subject to the same regulations and/or regulators. For example, the largest national lenders are regulated at the federal level; other smaller provincial lenders are regulated at the provincial level, while some lenders

are not explicitly subject to a specific regulator aside from complying with the regulations applied to their business and corporation.

The Office of the Superintendent of Financial Institutions (OSFI) is the primary regulator of federally-regulated financial institutions, including banks, insurance companies, trust and loan companies, and pension plans. Rigorous supervision and prudent regulation on the part of OSFI reinforce conservative practices in mortgage lending and risk management by the lenders (*see New mortgage underwriting guideline for lenders below, under Recent housing finance policy and regulatory developments*). The FSB has noted that Canada's "effective regulatory framework and prudent risk management by financial firms were other important contributing factors to the stability of the financial system during the crisis."<sup>18</sup>

## Stable and prudent mortgage lending

The Canadian Bankers Association's industry backgrounder,<sup>1</sup> published March 2012, highlights the stable and prudent mortgage lending practices in Canada as one of the key strengths of Canada's strong banking system,<sup>2</sup> noting the following key differences from the U.S. market:

- The vast majority of mortgage loans in Canada are prime;<sup>3</sup>
- There are many high-risk mortgage products in the U.S. that do not exist in Canada, such as negative amortization payment schedules<sup>4</sup> and no-documentation lending;
- Canadian homeowners have maintained a significant amount of equity in their homes, averaging 66% of the total home value among homeowners with mortgages;<sup>5</sup>
- Canadian lenders tend to hold the mortgages they originate as opposed to sell them off, thus, having a greater incentive to be prudent in lending; and,
- Canadians are careful borrowers, as evidenced by the much lower arrears rate than that in the United States.

<sup>1</sup> Canadian Bankers Association. 2012. *Canada's Strong Banking System: Benefitting Canadians*, [www.cba.ca/en/media-room/50-backgrounders-on-banking-issues/469-canadas-strong-banking-system-benefitting-canadians](http://www.cba.ca/en/media-room/50-backgrounders-on-banking-issues/469-canadas-strong-banking-system-benefitting-canadians) (May 3, 2012).

<sup>2</sup> According to the Peer Review of Canada by the Financial Stability Board (January 2012), the structure and regulation of the Canadian mortgage finance market contributed to financial stability during the crisis.

<sup>3</sup> Prime mortgages are underwritten to credit-worthy borrowers.

<sup>4</sup> These have mortgage payments that are less than the interest due, causing the loan balance to grow over time.

<sup>5</sup> The average homeowner equity in CMHC's insured portfolio in 2011 has remained constant from 2010 at 44%.

<sup>18</sup> Financial Stability Board. 2012. *Peer Review of Canada*. [www.financialstabilityboard.org/publications/r\\_120130.pdf](http://www.financialstabilityboard.org/publications/r_120130.pdf) (May 3, 2012).

OSFI also works closely with other financial sector agencies, such as the Canada Deposit Insurance Corporation, the Financial Consumer Agency of Canada, the Bank of Canada, and the Department of Finance at the federal level, as well as with provincial regulators. Together they form a comprehensive regulatory collaboration framework.

Some provincial mortgage lenders in Canada are regulated under provincial jurisdiction, e.g. most local credit unions and caisses populaires as well as those trust and loan companies which operate only in certain provinces. Provincial regulators often work with other regulatory bodies including OSFI at the federal level.

A small number of mortgage lenders that do not rely on deposits for funding are not specifically subject to a regulator at the federal or provincial level. This type of mortgage lender accounts for a small share of the mortgage market in Canada and many of them focus on niche market segments. Post-crisis, at the international level, there has been increasing attention paid to potential risks posed by unregulated financial institutions, or the so called “shadow banking” sector. The FSB and other international bodies have been developing policy recommendations to address the risks of this segment. The Bank of Canada<sup>19</sup> noted that while some measures are in place, further work is needed, such as direct regulation of shadow banking activities or indirect regulation via links to the traditional banking sector.

Finally, the government-backed mortgage loan insurance framework in Canada (*see Regulatory and policy developments related to mortgage insurance below*) also contributes to regulating and promoting prudent lending by both regulated and unregulated lenders by setting stringent criteria for insured mortgages as well as for the participating mortgage insurers and lenders.

### **Mortgage loan insurance**

Federally-regulated lenders in Canada, such as banks, insurance companies, and trust and loans companies, are

required to have mortgage insurance coverage for mortgage loans above 80% of the value of the residential property. Although the obligation to purchase mortgage insurance rests with the lender and the insurance policy protects the lender against borrower default, the mortgage insurance premium is typically passed on to the borrower. The Mortgage Insurance Business Regulations, which came into force July 1, 2010, ensure that lenders charge the true cost to borrowers for mortgage insurance.<sup>20</sup> Also, the Mortgage Insurance Disclosure Regulations, brought into effect January 1, 2011 and administered by the Financial Consumer Agency of Canada, require that lenders disclose the beneficiary of the insurance policy, the amount charged to the lender, and certain business arrangements between the lender and insurer.<sup>21</sup>

Mortgages with a 20% or higher down payment may also be insured transactionally at the time of origination, or on a portfolio basis via portfolio insurance, upon lender request. With portfolio insurance, mortgage loans are combined into a portfolio and then insured after the mortgage origination. These insured mortgages can be securitized, providing lenders with liquidity. The lender, not the borrowers, pays the insurance premium for portfolio insurance.

Mortgage loan insurance plays an important role in Canada's housing finance system. It helps protect lenders against mortgage default and enables consumers to purchase homes with a minimum down payment of 5% at interest rates comparable to buyers who purchase with a 20% (or higher) down payment.

Government backing provided to both public and private mortgage insurance, supports access to mortgage credit in good and bad times. Furthermore, the government-backed mortgage insurance framework regulates and promotes prudent mortgage insurance and mortgage underwriting practices in Canada, making an important contribution to the stability of the Canadian housing market and the financial system (*see Figure 2-3*).

<sup>19</sup> Remarks by Tiff Macklem, Senior Deputy Governor of the Bank of Canada, presented to Rotman Institute for International Business, Toronto, Ontario, 7 February 2012. [www.bankofcanada.ca/2012/02/speeches/raising-the-house-of-reform/](http://www.bankofcanada.ca/2012/02/speeches/raising-the-house-of-reform/) (May 3, 2012).

<sup>20</sup> Mortgage Insurance Business (Banks, Authorized Foreign Banks, Trust and Loan Companies, Retail Associations, Canadian Insurance Companies and Canadian Societies) Regulations (SOR/2010-68).

<sup>21</sup> Mortgage Insurance Disclosure (Banks, Authorized Foreign Banks, Trust and Loan Companies, Retail Associations, Canadian Insurance Companies and Canadian Societies) Regulations (SOR/2010-69).

FIGURE 2-3

### Overview of CMHC insured homeowner loan underwriting practices, by type of mortgage<sup>1</sup>

	Purchase mortgage		Refinance mortgage <sup>2</sup>
	With traditional source of down payment		
Mortgage criteria			
Loan-to-value (LTV) ratio	≤ 95% for 1-2 unit dwelling	≤ 90% for 3-4 unit dwelling	≤ 80%
Number of units	1 - 4		
Maximum amortization period	25 years for LTV ratio > 80%	40 years for LTV ratio ≤ 80%	40 years
Interest rate types	Fixed, standard or capped variable, and adjustable rates		
Maximum home purchase price	The maximum home purchase price must be less than \$1 million for LTV ratio > 80%. <sup>3</sup>		NA
Maximum loan amount	None		≤ \$200,000 of additional financing
Borrower criteria			
Down payment source	Savings, RRSP withdrawal, loan against proven assets, proceeds from other property sale, non-repayable gift from immediate relative, non-repayable government equity grant, sweat equity (< 50% of minimum required equity), unencumbered land/real property, rent-as-equity.		NA
Qualifying interest rates <sup>4</sup>	The qualifying interest rate is the interest rate used to assess applicable debt-service ratios. The qualifying interest rate to be used for the calculation of the debt-service ratios depends on the type of loan.		
Minimum credit score <sup>5</sup>	No minimum for LTV ratio ≤60% 580 (required) for LTV ratio 60.01% - 80% 600 (recommended) for LTV ratio > 80% 610 (recommended) for standard variable rate mortgages with LTV ratio 90.01% - 95%		No minimum for LTV ratio ≤60% 580 (required) for LTV ratio 60.01% - 80%
Debt service guidelines			
Gross debt-service ratio <sup>6</sup>	35% for credit score < 680		39% for credit score 680+
Total debt-service ratio <sup>7</sup>	42% for credit score < 680		44% for credit score 680+
Borrower eligibility <sup>8</sup>	Canadian citizens and permanent residents. Non-permanent residents, subject to specific terms and conditions.		Canadian citizens and permanent residents.
Property location and occupancy	The property can be located anywhere within Canada and must be suitable for year-round occupancy.		
Number of insured properties	Maximum of 2 CMHC-insured homeowner properties per borrower.		

<sup>1</sup> This information is subject to CMHC's insurance policies which may contain other conditions, requirements or restrictions and may change from time to time.

<sup>2</sup> For Self-Employed Without Traditional Third-Party Income Validation, number of units is 1-2; minimum credit score is 600 (recommended) for LTV ratios ≤ 75%, and 620 (recommended) for LTV ratios between 75.01% - 80%; applicable to Canadian citizens and permanent residents with less than three years of business operation and established Canadian credit history. Not available for borrowers with commission-based income. Income taxes must be paid and up-to-date. For mortgage assumptions, subsequent borrowers must be able to obtain third party income validation, subject to standard policies.

<sup>3</sup> Effective as of July 9, 2012.

<sup>4</sup> For loans with LTV ratios between 80.01% to 95% the qualifying interest rate used to assess applicable debt-service ratios is as follows: fixed-rate (FR) mortgages where the term is less than five years, the qualifying interest rate is the greater of the benchmark rate, or the contract interest rate. FR where the term is five years or more, the qualifying interest rate is the contract interest rate. Variable-rate (VR) mortgage regardless of the term, the qualifying interest rate is the greater of the benchmark rate, or the contract interest rate (or capped rate, as applicable). For loans with LTV ratios equal to or below 80%, the qualifying interest rate used to assess applicable debt-service ratios is as follows: FR or capped VR where the term is less than three years, the qualifying interest rate is the greater of the lender's three-year posted fixed rate, or the contract interest rate (or capped rate, as applicable). FR or capped VR where the term is three years or more, the qualifying interest rate is the contract interest rate (or capped rate, as applicable). Standard and adjustable VR regardless of the term, the qualifying interest rate is the greater of the lender's three-year posted fixed rate, or the contract interest rate.

<sup>5</sup> From one of two Canadian credit rating agencies. Canadian credit scores generally range from 300 to 900. For borrowers without a Canadian credit history, where the LTV ratio is > 80%, alternative sources of information to validate ability and willingness to repay debts may be considered on a case-by-case basis.

<sup>6</sup> Gross debt-service ratio is defined as the annual payments for principal, interest, property taxes and heat (PITH) + 50% of condominium fees (if applicable) / borrower's gross annual income (up to 50% of subject property's gross rental income, if applicable).

<sup>7</sup> Total debt-service ratio is defined as the annual payments for PITH + 50% of condominium fees (if applicable) + annual payments for all other debts / borrower's gross annual income (up to 50% of subject property's gross rental income, if applicable).

<sup>8</sup> A non-permanent resident (i.e. a foreign worker with a valid Canadian work permit) is limited to purchase one owner-occupied unit only – maximum 90% LTV ratio.

NA Not applicable

Source: CMHC



In Canada, mortgage insurance is currently offered by CMHC, a federal Crown corporation, and two private mortgage insurers—Genworth Financial and Canada Guaranty.

CMHC is the only mortgage insurer in certain markets such as residential rental buildings with five or more units, retirement and long-term care facilities, as well as in many rural areas and smaller communities. Together, these market segments made up 46.5% of mortgage loan insurance underwritten by CMHC in 2011.

CMHC's mortgage insurance activities are carried out on a commercial basis with no financial assistance from the Government of Canada. CMHC covers its mortgage insurance claims and business-related expenses with revenues received from insurance premiums, fees, and returns on investments. In addition, CMHC is expected to earn a reasonable return on capital.

## Mortgage funding

### Overview of mortgage funding sources

Mortgage funding refers to the funds needed by lenders to make mortgage loans to borrowers, e.g. homebuyers, developers, and purchasers of rental properties. Lenders rely on a variety of sources to fund mortgages, including deposits from customers and funds raised in capital markets. Key capital market-based funding sources in Canada are securitization, covered bonds, and other corporate debts.

Capital markets offer funding alternatives for deposit-taking mortgage lenders, thereby reducing dependency on deposits, while also providing critical funding options for non-deposit-taking institutions. Many of the non-deposit-taking lenders are small specialized mortgage monoline lenders, who rely predominantly on capital markets to raise funds.

Mortgage securitization in Canada includes public securitization (i.e., CMHC's securitization programs) and private securitization. Securitization is the process by which financial institutions package mortgages and sell them to investors as mortgage-backed securities, thereby gaining access to new funds that can then be used to make loans.

Covered bonds, first issued in Canada in 2007, are a relatively new funding source for Canadian lenders. The rapidly growing issuance of Canadian covered bonds, both in Canada and internationally, in recent years, is an indication that this is becoming a more established funding source for Canadian lenders (*see Canadian covered bonds – important developments*).

### Deposits and bank debts

Historically, deposits have been the primary mortgage funding source for Canadian deposit-taking institutions. Deposits are typically short- to medium-term. Retail deposits include demand deposits, e.g. chequing and savings accounts, as well as term deposits, e.g. guaranteed investment certificates (GICs). In addition, banks issue short- to medium-term debts (often called deposit notes), which typically target capital market investors, in particular large institutional investors.

The Canada Deposit Insurance Corporation (CDIC) is a federal Crown corporation with a mandate to provide insurance, up to \$100,000 per person, per member institution, against the loss of part or all of deposits, and to promote and otherwise contribute to the stability of the financial system in Canada. This mandate is pursued for the benefit of persons having deposits with member institutions and in such a manner that will minimize the exposure of the CDIC to loss.<sup>22</sup>

Today, retail deposits remain one of the lowest cost funding sources<sup>23</sup> for many mortgage lenders. For example, 5-year GIC rates have generally been lower than 5-year Government of Canada bond rates<sup>24</sup> (*see Figure 2-4*).

<sup>22</sup> See [www.cdic.ca](http://www.cdic.ca) (November 26, 2012).

<sup>23</sup> As an approach to assess the cost of funding, the spreads of various mortgage funding sources can be compared. However, these would not represent the all-in cost, which may include other factors, such as legal costs, guarantee fees or other forms of credit enhancements and underwriting fees, which may differ by funding source.

<sup>24</sup> Exceptions to this occurred around the ends of 2008 and 2011, when significant market uncertainty drove up demand for the government bonds, driving the bond rates to below the GIC rates.

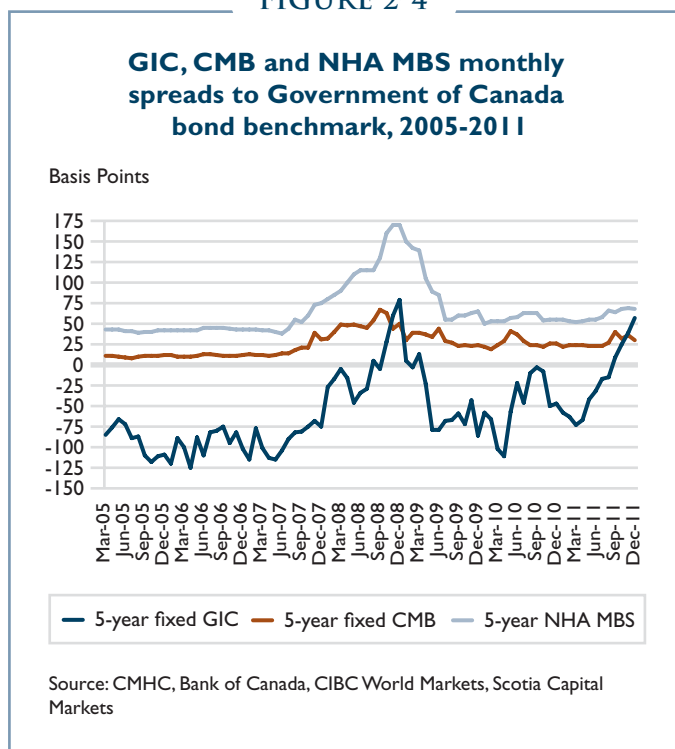


## CMHC securitization

CMHC has been at the forefront of mortgage securitization in Canada with the introduction of the *National Housing Act* Mortgage-Backed Securities (NHA MBS) program in 1986 and the Canada Mortgage Bonds (CMB) program in 2001. These two public mortgage securitization programs allow large and small mortgage lenders to access an adequate supply of funds in good and bad times, thus also facilitating competition and promoting stability (*see text box CMHC securitization programs support funding supply, competition, and stability*). At the same time, they offer investors an opportunity to hold high-quality, secure investments in the secondary mortgage market.

Both NHA MBS and CMB carry CMHC's guarantee for timely payment of principal and interest to investors. This guarantee acts as a credit enhancement to lower the cost of funding. CMHC charges a fee for the provision of the guarantee.

FIGURE 2-4



## National Housing Act Mortgage-Backed Securities Program

NHA MBS are securities backed by pools of residential mortgages insured by CMHC or the government-backed private mortgage insurers. In addition to the rigorous criteria for the underlying insured mortgages set by the Government of Canada, CMHC also sets stringent requirements for the NHA MBS and the program participants.

Investors in NHA MBS receive monthly instalments of principal and interest that are passed on from the cash flow of the underlying mortgages. While the underlying assets are mostly credit risk-free due to the mortgage insurance requirement, investors in NHA MBS still face prepayment risk.<sup>25</sup>

Financial institutions may sell the NHA MBS to capital market investors or to the Canada Housing Trust under the CMB program (*see Canada Mortgage Bonds below*).

NHA MBS issuance increased steadily in the early 2000s and then grew rapidly during the recent global financial crisis, from \$22.6 billion in 2002 to \$139.9 billion in 2011. The increase in issuance has been in response to the demand for funding and a broadening range of lenders participating in the NHA MBS and CMB programs. A notable spike in NHA MBS issuance occurred from 2008 to 2010 relating to the Insured Mortgage Purchase Program (IMPP) as well as the increased funding demand via the CMB and NHA MBS programs during the global financial crisis. The IMPP was temporarily implemented by the Canadian government through CMHC to help address funding gaps during the global financial crisis (*see Figure 2-5 and text box The Insured Mortgage Purchase Program (IMPP)*).

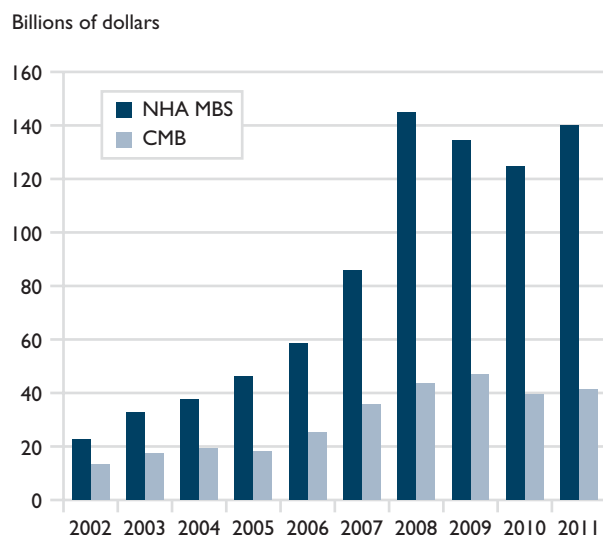
NHA MBS provides another cost-effective funding source after deposits and CMB (*see Figure 2-4*). Until the onset of the global financial crisis, the NHA MBS spread against the government bond benchmark hovered around 40 basis points.<sup>26</sup> The spread widened during the crisis, when the costs of private funding sources increased even more. It then eased to a range of 50 to 80 basis points in 2011.

<sup>25</sup> Prepayment risk is the risk that borrowers make partial or full prepayments on the mortgage. The prepayments pass through to the investors and alter their expected cash flows.

<sup>26</sup> Data from TD Securities for the "975" NHA MBS pool type, which has the largest issuance volume among NHA MBS pool types.

FIGURE 2-5

### Annual issuance of NHA MBS and Canada Mortgage Bonds,<sup>1</sup> 2002-2011



<sup>1</sup> The total NHA MBS issuance includes NHA MBS sold to capital market investors and to the Canada Housing Trust under the CMB program, as well as NHA MBS held by the issuers.

Source: CMHC

### The Insured Mortgage Purchase Program (IMPP)

During the global financial crisis, the Government of Canada introduced the Insured Mortgage Purchase Program (IMPP). It authorized CMHC to purchase up to \$125 billion in NHA MBS from Canadian financial institutions between October 2008 and March 2010. In addition to CMHC's existing securitization programs, the IMPP helped facilitate access to longer-term credit for Canadian consumers and businesses. CMHC purchased a total of \$69.3 billion NHA MBS under IMPP.

According to the 2012 Federal Budget, by March 2012, the IMPP had generated more than \$1.2 billion in net revenues and by the time the program ends in 2014–2015, it will have generated an estimated \$2.5 billion in net revenues.

### Canada Mortgage Bonds (CMBs)

Canada Mortgage Bonds are issued by the Canada Housing Trust (CHT), a special purpose trust created to issue CMBs to investors and use the proceeds to purchase NHA MBS. Similar to the NHA MBS program, participating lenders can use the funds obtained from the CMB program for lending. The CMB program, however, enhances the NHA MBS program. Specifically, there is no prepayment risk associated with CMB since it is designed to be similar to most standard bonds in the market with regular interest payments (e.g. semi-annually) and a repayment of the principal at a fixed maturity date. This type of bond is often called a “bullet bond”.

The risks to CMB investors are minimal due to CMHC's timely payment guarantee and the absence of prepayment risk. The low level of risk and the investor friendly design of CMB attract a broad investor base in Canada and abroad.

Since the launch of CMB in 2001, regular issuances, solid performance, and strong investor demand have facilitated a liquid market for CMBs and have established it as one of the most cost-effective funding sources for mortgage lenders in Canada after deposits (*see Figure 2-4*). As an example, the daily 5-year CMB spread over the government bond benchmark was in a range of 7 to 14 basis points before the global financial crisis. It peaked at over 80 basis points during the crisis; however, the costs of private funding sources during the crisis increased much more than this. The CMB spread then came down to a range of about 17 to 46 basis points from mid-2009 to end of 2011.

Over the years, enhancements have further improved lender access to CMB program funding and diversified the CMB products offered to investors, thereby expanding the program's benefits for Canada's financial system; i.e., facilitating funding supply, competition, and promoting financial stability. For example, CMBs now are offered in different maturities, e.g. five or ten years, and interest rates, e.g. fixed-rate and floating-rate notes. The launch of the 10-year term CMB in 2008 not only helped address the funding gaps during the global financial crisis but also is seen by market observers as facilitating the provision of mortgages with terms longer than five years in Canada. In 2011, there was \$41.3 billion of CMB issuance and \$200.8 billion of CMB outstanding (*see Figure 2-5 and Appendix A, Table 24*).

## CMHC securitization programs support funding supply, competition, and stability

The NHA MBS and CMB programs contribute to the efficient functioning, competitiveness and stability of the housing finance market by ensuring that lenders and, in turn borrowers, have access to an adequate supply of funding for mortgages. CMHC monitors and manages the balance among funding needs, investor market demand and the stability of the housing finance system on an ongoing basis.

Since their inception, CMHC's securitization programs have facilitated the availability of mortgage credit to Canadians, in both strong and adverse market conditions as evidenced by the increase in the share of NHA MBS in total mortgage credit outstanding from 8% in 2001 to 33% in 2011. During the recent global financial crisis, as private capital market funding contracted, CMHC's securitization programs continued to provide a reliable cost-effective funding supply for lenders and facilitate the availability of credit for consumers and businesses during this volatile period. For example, total issuance of NHA MBS (including those sold to the CMB program) increased by 69% between 2007 and 2008 in response to funding needs. To date, CMHC's securitization programs have not experienced any loss.

The NHA MBS and CMB programs have also promoted competition in the mortgage market by providing a broad range of lenders with a cost-effective source of funding (*see Figure 2-4 for an indication of cost of funding via CMB and NHA MBS and the Mortgage funding section for comparisons with other funding sources*). Large lenders generally have access to a greater number of mortgage funding options compared to smaller lenders. Many of these smaller lenders have increasingly benefited from CMHC's securitization programs as a source of funding, as evidenced by the rise in their participation. For example, the number of participants other than the big 6 banks<sup>1</sup> in 5-year fixed rate CMB transactions almost quadrupled between 2006 and mid-2012, and now make up 82% of the participants. The share of 5-year fixed-rate CMB issuance volume attributable to participants other than the big 6 banks increased from 19% in 2006 to 61% by mid-2012 (*see Figures 2-6 and 2-7*).

FIGURE 2-6

### Participation in the CMB program by smaller lenders has increased significantly since 2006

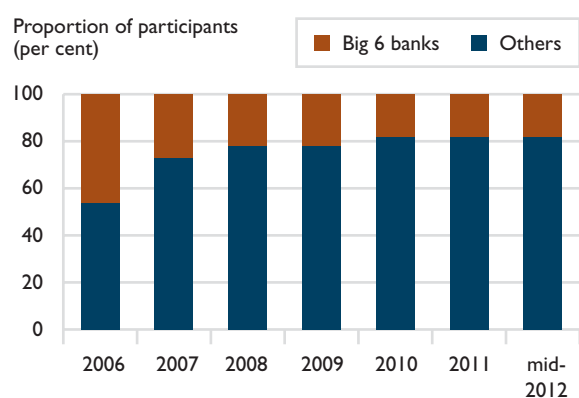
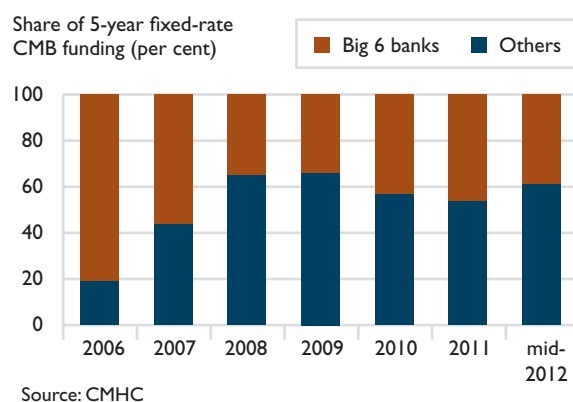


FIGURE 2-7

### Smaller lenders enjoy access to a large share of mortgage funding through the CMB program



<sup>1</sup> These are the Bank of Nova Scotia, Bank of Montreal, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada, and Toronto-Dominion Bank.

### Private mortgage securitization

Prior to the recent financial crisis, private mortgage securitization offered a funding source to Canadian lenders, albeit on a smaller scale compared to CMHC's securitization programs. In particular, small non-bank mortgage lenders relied more on private securitization for funding with the issuance of residential mortgage-backed securities (RMBS) (backed by uninsured mortgages), asset-backed securities (ABS), and asset-backed commercial paper (ABCP).

Private mortgage securitization in Canada and abroad faced a collapse of investor confidence during the global financial crisis and has since struggled to recover. In Canada, there was no issuance of private RMBS in 2010 and 2011<sup>27</sup> while the share of mortgage assets underlying the ABS was declining and marginal at the end of 2011.

The ABCP market experienced major restructuring, enhancements, and a declining trend from 2008 to 2010. Renewed investor interest helped reverse this trend with an increase in total ABCP outstanding in 2011. As well, the total amount of underlying mortgage assets funded by ABCP increased in 2011 to \$10.1 billion,<sup>28</sup> or 37% of outstanding ABCP. These mortgage assets include conventional mortgages (56%), insured-mortgages (36%), and non-conventional mortgages (7%).<sup>29</sup>

### Covered bonds

Besides deposits and CMHC securitization programs, covered bonds offer Canadian mortgage lenders a funding alternative with relatively attractive costs. Canadian covered bond issuance has grown substantially since the first issuance in 2007, serving as an increasingly significant funding source for lenders. By the end of 2011, there were a total of \$50.4 billion covered bonds outstanding. To date there are seven covered bond programs established by the six largest Canadian banks and one credit union.

The year 2012 represents an important milestone for Canadian covered bonds. To further facilitate diversified funding for lenders via covered bonds, the Canadian government amended the *National Housing Act*, as part of the 2012 *Jobs, Growth and Long-term Prosperity Act*, to introduce a legal framework for covered bonds in Canada and to designate CMHC as responsible for administering the framework. (See *Canadian covered bonds – important developments*).

## Recent housing finance policy and regulatory developments

### Regulatory and policy developments related to mortgage insurance

#### Changes to government-backed mortgage insurance framework

Mortgage insurers in Canada are subject to the government-backed mortgage insurance framework. Under this framework, the Government provides a back-up guarantee for 100% of CMHC's obligations and 90% of the private insurers' obligations. As well, the Government sets rigorous requirements for insured mortgages and for participating mortgage insurers. This framework plays an important role in mortgage lending.

In 2008, 2010, 2011, and 2012, the Government further enhanced the criteria for government-backed insured mortgages to support the long-term stability of Canada's housing market. Key enhanced criteria are as follows (see *Figure 2-8*):

- Reducing the maximum amortization period to 25 years for mortgages with less than 20% down payment;
- Requiring a minimum down payment of 5% for owner-occupied properties;

<sup>27</sup> DBRS. 2012. *Canadian Structured Finance 2011 Year in Review and 2012 Outlook*.

<sup>28</sup> This excludes HELOCs.

<sup>29</sup> DBRS. 2012. *Monthly Canadian ABCP Report, December 2011*.

- Requiring that borrowers meet the standards for a 5-year fixed-rate mortgage (even if they choose a different mortgage type with a lower interest rate and a shorter term);
- Withdrawing the government insurance backing on non-amortizing lines of credit secured by homes;
- Lowering the maximum refinancing amount to 80% of the owner-occupied property value;
- Establishing a maximum gross debt-service ratio of 39% and reducing the maximum total debt-service ratio to 44%; and
- Limiting government-backed mortgage insurance to homes with a purchase price of less than \$1 million, if the down payment is less than 20%.

### Formalizing arrangements with private mortgage insurers

In June 2011, the *Protection of Residential Mortgage or Hypothecary Insurance Act* (PRMHIA) was enacted, which formalizes the rules for the government-backed mortgage insurance and other existing arrangements with private mortgage insurers. The PRMHIA also sets out an insurance-in-force limit of \$300 billion for private mortgage insurers. This limit establishes a ceiling for the total outstanding mortgages that can be privately insured. The PRMHIA will come into force once the regulations are finalized.

In addition to being subject to the government-backed mortgage insurance framework, private mortgage insurers in Canada are regulated by OSFI. OSFI's regulation and supervision aim to ensure that private

FIGURE 2-8

Overview of Government of Canada policy parameters for Canadian government-backed insured residential mortgages (for high-ratio homeowner loans) <sup>1</sup>	
Loan-to-value (LTV) ratio	Maximum 95% LTV ratio for homeowner purchase mortgages. <sup>2</sup>
Amortization period	Maximum amortization period of 25 years. <sup>3</sup>
Debt-service ratios	Maximum GDS <sup>4</sup> and TDS <sup>5</sup> ratios are capped at 39% and 44% respectively. Requirement for borrowers to meet the standards for a 5-year fixed-rate mortgage in calculation of GDS and TDS ratios, even if they chose a mortgage with a lower interest rate and shorter term.
Credit score	Minimum of 600, with a limited set of exceptions for borrowers that otherwise represent low credit risks.
Loan documentation	Requirement to make a reasonable effort to verify the value of the property, the borrower's income and employment status and that the borrower can afford the loan payment and all other debts and obligations.
Purchase price	Maximum home purchase price of less than \$1 million. <sup>6</sup>
Other	Prohibition of loans with no amortization in initial years, including non-amortizing lines of credit secured by home equity (e.g. HELOCs).  Maximum 5-year term applies to variable-rate mortgage products that allow for fluctuations in the amortization period.

<sup>1</sup> Refers to residential properties comprising of one to four housing units.

<sup>2</sup> Effective July 9, 2012, high-ratio refinanced loans became ineligible for mortgage insurance as the Department of Finance (DoF) lowered the maximum LTV ratio for refinancing from 85% to 80%.

<sup>3</sup> The maximum amortization was reduced from 30 years to 25 years as of July 9, 2012.

<sup>4</sup> Gross debt-service ratio is defined by the DoF as the ratio of the carrying costs of the home, including the mortgage payment, taxes and heating costs, to the borrower's total income. The maximum GDS ratio was established at 39% as of July 9, 2012.

<sup>5</sup> Total debt-service ratio is defined by the DoF as the ratio of the carrying costs of the home and all other debt payments to the borrower's total income. The maximum TDS ratio was reduced from 45% to 44% as of July 9, 2012.

<sup>6</sup> Effective as of July 9, 2012.

Source: Government of Canada's Department of Finance (DoF)



mortgage insurers are adequately capitalized, have prudent business practices, and comply with applicable regulations. For example, OSFI sets minimum capital requirements and is developing a guideline on underwriting practices for mortgage insurers.

### Changes related to CMHC

The legislative framework governing CMHC consists primarily of the *CMHC Act*, the *National Housing Act* and the *Financial Administration Act* (FAA). CMHC reports to Parliament through the Minister of Human Resources and Skills Development Canada.

In June 2011, amendments to the *National Housing Act* were passed<sup>30</sup> to formalize existing arrangements pertaining to mortgage insurance provided by CMHC under the government-backed mortgage insurance framework.

Furthermore, in the 2012 *Jobs, Growth and Long-term Prosperity Act*, the Government introduced legislative amendments to enhance the governance and oversight framework for CMHC, as part of continuous efforts to strengthen the housing finance system. Specifically, the following provisions have implications for CMHC:

- CMHC's mandate was enhanced to include financial stability as an objective of CMHC's commercial activities;
- The Minister of Finance was provided with legislative and regulatory authorities in respect of CMHC's securitization programs and new commercial programs;
- The Office of the Superintendent of Financial Institutions was mandated to conduct examinations at least annually into whether CMHC's insurance and securitization businesses are conducted in a safe and sound manner with due regard to potential losses;

- CMHC's Board of Directors was increased to 12 voting members from 10, by adding the Deputy Minister of Human Resources and Skills Development Canada and the Deputy Minister of Finance as ex-officio members; and,
- Amendments have been made to the *National Housing Act* to designate CMHC as responsible for administering the covered bonds framework.

Similar to private mortgage insurers, CMHC is also subject to an insurance-in-force limit, which is currently \$600 billion, as legislated by the *National Housing Act*. This limit establishes a ceiling for the total outstanding mortgages that can be insured by CMHC. On March 31, 2012, CMHC's insurance-in-force was approximately \$569.6 billion.

### New mortgage underwriting guideline for lenders

In April 2012, the Financial Stability Board, an international standard setting body, released a set of international principles for sound residential mortgage underwriting practices (which were published in draft for public consultation in October 2011).<sup>31</sup>

The principles are high-level rather than aimed at detailed international standards, and focus on the following areas:

- Effective verification of income and other financial information;
- Reasonable debt-service coverage;
- Appropriate loan-to-value ratios;
- Effective collateral management;
- Prudent use of mortgage insurance; and,
- Implementation framework and tools to supervise mortgage underwriting practices.

<sup>30</sup> Bill C-3, *Supporting Vulnerable Seniors and Strengthening Canada's Economy Act*, was passed by Parliament in June 2011, and included the enactment of the *Protection of Residential Mortgage or Hypothecary Insurance Act* and amendments to the *National Housing Act*.

<sup>31</sup> Financial Stability Board. 2012. *FSB Principles for Sound Residential Mortgage Underwriting Practices*. [www.financialstabilityboard.org/publications/r\\_120418.pdf](http://www.financialstabilityboard.org/publications/r_120418.pdf) (April 19, 2012).



Building on the FSB principles and OSFI's review of mortgage lending practices in Canada, OSFI issued a Guideline for Residential Mortgage Underwriting Practices and Procedures in June 2012.<sup>32</sup> The OSFI Guideline applies to federally-regulated financial institutions that are engaged in residential mortgage underwriting and/or the acquisition of residential mortgage loan assets in Canada.<sup>33</sup> The Guideline outlines requirements under the five following principles:

1. A comprehensive board-approved residential mortgage underwriting policy;
2. Due diligence to record and assess borrower's identity, background, and willingness to service debts;
3. Adequate assessment of borrower's capacity to service debt obligations;
4. Sound collateral management and appraisal processes; and,
5. Effective credit and counterparty risk management that supports mortgage underwriting and asset management, including mortgage insurance.

The Guideline also sets out new disclosure requirements regarding the mortgage lending business of the regulated institutions.

### **Financial literacy**

Following the recommendations made by Canada's Task Force on Financial Literacy, the Government of Canada introduced the *Financial Literacy Leader Act* in November 2011. It provides for the appointment of a Financial Literacy Leader. The Act also expands the power and responsibilities of the Financial Consumer Agency of Canada in coordinating stakeholders' efforts to advance financial literacy, including as it pertains to housing finance and mortgage insurance.

In March 2012, the Government announced a new code of conduct for mortgage prepayment information to assist borrowers in making decisions about mortgage prepayment.<sup>34</sup> Under this code, federally-regulated financial institutions are required to provide enhanced information to customers about prepayment options associated with mortgage products, such as how to pay off mortgages faster, how to avoid prepayment penalties, and how such penalties are calculated.

### **New prudential banking regulation: Basel III**

The Basel Committee on Banking Supervision, of which Canada is a member, formulates broad international standards and guidelines, and recommends best practices related to prudential banking supervision. The Basel I Accord (1988) and Basel II Accord (2004) were international frameworks that focused on minimum capital requirements for financial institutions, supervisory review and market discipline.

In the aftermath of the financial crisis, the Basel Committee responded by developing new global standards; i.e., Basel III, to improve supervision, regulation and risk management of the banking sector. The major elements of the Basel III rules on capital, leverage and liquidity were issued at the end of 2010; however, details on some components are being finalized.

In Canada, OSFI is in the process of adapting and implementing the Basel III rules for federally-regulated financial institutions. According to OSFI, Canadian financial institutions must meet the new capital requirements by the first fiscal quarter of 2013, ahead of the recommended Basel transition schedule.

The Basel III rules will impact Canadian mortgage lenders, including their funding, capital and operational costs, which may thus have implications for housing finance.

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<sup>32</sup> OSFI's final Guideline: [www.osfi-bsif.gc.ca/osfi/index\\_e.aspx?ArticleID=4967](http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?ArticleID=4967) (June 21, 2012).

<sup>33</sup> OSFI is developing a separate Guideline which will apply to mortgage insurers (as of time of writing).

<sup>34</sup> See [www.fin.gc.ca/n12/data/12-025\\_2-eng.asp](http://www.fin.gc.ca/n12/data/12-025_2-eng.asp) (May 16, 2012).

## Canadian covered bonds – important developments

Since the debut issuance in 2007, covered bonds have become an increasingly significant source of funding to Canadian lenders. Furthermore, 2012 has been marked by an important development for Canadian covered bonds – the introduction of a dedicated legal framework for covered bonds by the Canadian government to help facilitate this funding source.

### **What are covered bonds?**

Covered bonds are debt obligations generally issued by regulated financial institutions and secured by a segregated pool of assets (called the “cover pool”). Covered bonds provide investors with dual recourse to the issuer and to the assets in the cover pool. The issuer is obliged to pay the investors the principal and interest on the covered bond. In the event of default by the issuer, the investors continue to be paid with proceeds from the segregated cover pool assets. This dual recourse feature distinguishes covered bonds from other debt obligations. For example, securitization debt instruments are typically supported only by a designated asset pool backing the securities and not also by a recourse to the issuer, as is the case for covered bonds. Residential mortgages are the most common asset type in the cover pool.

Internationally, there are generally two broad types of covered bonds: those issued under a contractual framework and those issued under a dedicated legal framework, e.g. a dedicated covered bond law. Under a contractual framework, the assurance of the investor’s claim over the covered pool is provided through issuance documents, e.g. prospectus, and contractual agreements. In contrast, under a dedicated legal framework for covered bonds, investors typically benefit from a statutory protection of their claim over the cover pool assets in the event of issuer insolvency. This statutory protection is in addition to the assurance provided by the contractual covered bond agreements and provides more certainty to investors with respect to the continuity of covered bond payments and the recovery of their investment.

### ***Covered bonds - an established international funding source***

Covered bonds have been an established and common funding source in some European countries dating back to the eighteenth century. Other countries outside of Europe have also increasingly used covered bonds to raise funding, especially since the recent global financial crisis, given that private securitization, an alternative funding source, was severely impacted by the crisis and has yet to fully recover. As a result, in addition to the developed European covered bond markets (e.g. Germany, France, Spain, etc.) more countries (e.g. Australia and the United Kingdom) have recently adopted or enhanced legal frameworks for covered bonds to facilitate this funding source for lenders. Other countries, such as New Zealand and the United States, are in the process of developing legal frameworks for covered bonds.

The enhanced security regarding investors’ rights over the cover pool assets provided by the legal framework for covered bonds helps attract a broader investor base, as some international investors are prohibited from purchasing covered bonds unless they are issued under a dedicated legal framework. As well, in exchange for the statutory protection, most legal frameworks impose certain prudential requirements on covered bond issuers and programs. The legal frameworks often also help improve the quality of the covered bonds and reduce their funding costs.

International legal frameworks vary among countries in the approach to regulating covered bonds. At one end of the spectrum, there are countries that impose extensive prescribed requirements that virtually guarantee a full recovery of the covered bonds and require significant ongoing government and regulatory involvement (i.e. UK and Germany). At the other end of the spectrum, a legal framework may take a more “hands off” approach

with fewer prescribed requirements and market-driven disclosure but provides investors with protection by allowing insured mortgages to secure the covered bonds (i.e. Australia).

### **Covered bonds - an increasingly significant funding source for Canadian lenders**

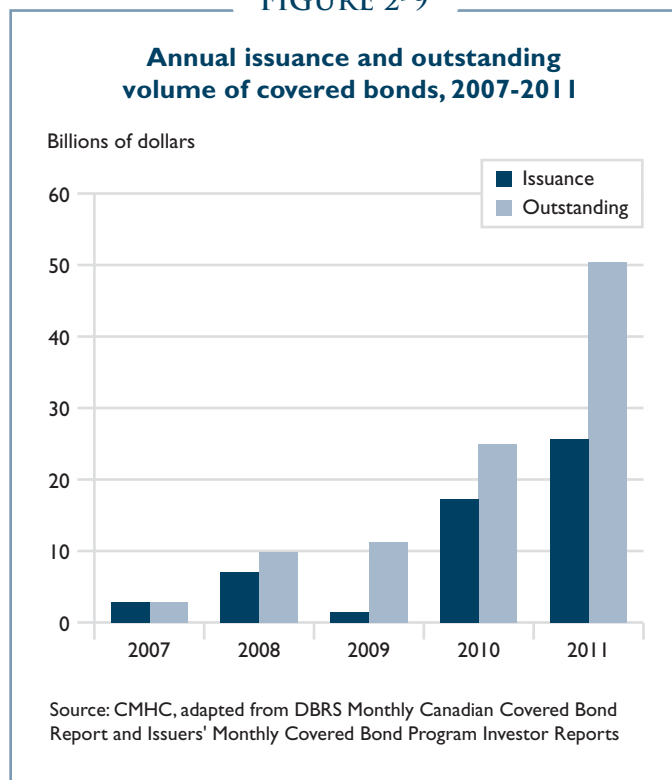
Since 2007, Canadian federal deposit-taking financial institutions have been permitted by the Office of the Superintendent of Financial Institutions to issue covered bonds up to a maximum limit of 4% of an institution's total assets. However prior to 2012, there was no dedicated legislation on covered bonds in Canada and covered bonds were issued under a contractual framework.

In 2011, the six largest Canadian banks and one credit union had established covered bond programs.<sup>35</sup> Covered bond issuance by Canadian financial institutions has increased substantially over the years, from \$2.8 billion in 2007 to \$25.7 billion in 2011. Strong issuance in 2011 resulted in doubling the total covered bonds outstanding to \$50.4 billion by the year end (see Figure 2-9). Issuance of \$15.5 billion in the first nine months of 2012 brought the total covered bonds outstanding to \$65.9 billion by September 2012.

Most of these covered bond programs use CMHC-insured mortgages as cover pool assets. Other types of assets used are uninsured residential mortgages and NHA Mortgage-Backed Securities (NHA MBS), the latter of which are also backed by insured mortgages.

In addition to other funding sources such as deposits, bank debts, CMHC securitization and private securitization, Canadian covered bonds offer mortgage lenders a funding alternative with relatively attractive costs. For example, the spread of 5-year Canadian

FIGURE 2-9



covered bonds issued in U.S. dollars over the Canadian government bond benchmark was in the area of 70 basis points if backed by insured mortgages, or 90 basis points if backed by uninsured mortgages, at the end of February 2012, according to a report by Bank of Montreal.<sup>36</sup>

Canadian covered bonds have been offered in different currencies, e.g. Euro, Canadian dollar, U.S. dollar, Australian dollar, and Swiss Franc, targeting different international investors and markets. While the issuances were mostly in Euros during 2007 and 2008, this shifted to a dominance of U.S. dollar denominated bonds thereafter, due in part to stronger U.S. investor demand

<sup>35</sup> The credit union is not federally-regulated and thus not restricted by OSFI's 4% limit. However, the Autorité des marchés financiers (AMF) has the discretion to impose a limit on covered bond issuance by financial services cooperatives in Quebec.

<sup>36</sup> BMO Capital Markets. 2012. Domestic Banking and Government Policy: Increasingly Interconnected. <http://research-ca.bmocapitalmarkets.com/documents/ffb12e6a-ec62-45a8-9e86-c695e2791907.pdf> (May 16, 2012).

(see Figure 2-10). About 85% of the 2011 issuance was in U.S. dollars,<sup>37</sup> accounting for more than half of the total covered bonds placed in the U.S. market in 2011.<sup>38</sup>

Canadian covered bonds were also issued with different maturities ranging from 2 to 10 years, but the most common are the 3-year term and 5-year term (see Figure 2-11).

### **The Canadian Covered Bond Legal Framework – an important improvement**

The recent global financial crisis has highlighted the importance of diversifying funding sources for lenders in many countries, including Canada. While Canada proved to be more resilient through the recent global

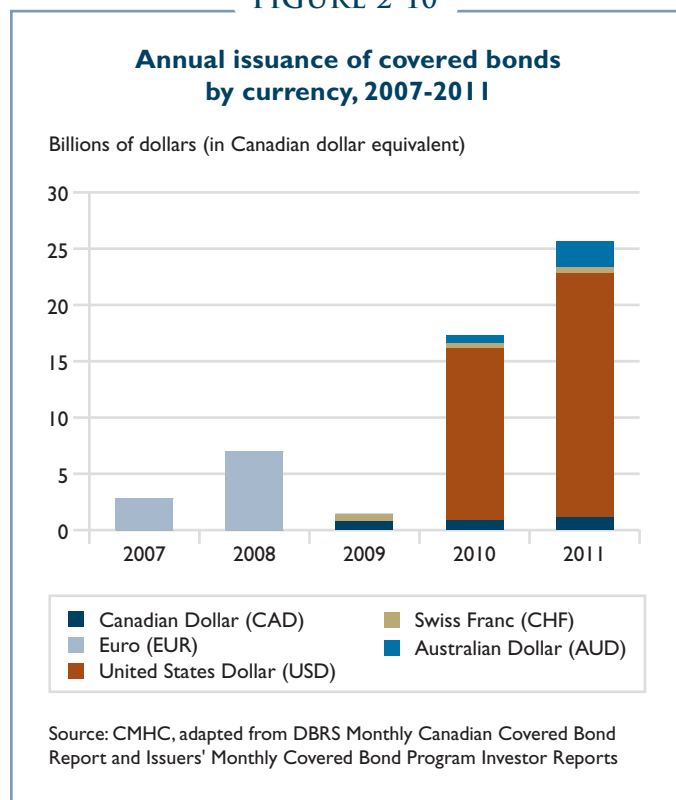
financial crisis, Canadian lenders are not immune to volatilities in international capital markets. Thus, post-crisis, more jurisdictions have adopted or have been contemplating dedicated covered bond legal frameworks to facilitate this funding alternative for lenders.

Recognizing the growing importance of covered bonds, in 2012 the Canadian government introduced a dedicated legal framework for covered bonds in Canada, i.e. the Canadian Covered Bond Legal Framework (the Framework).

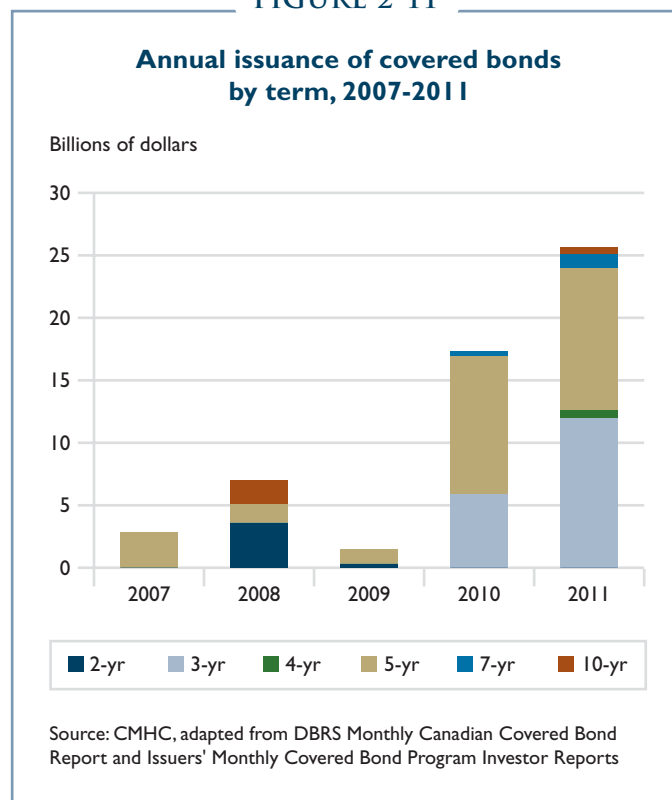
Key features of the legal framework for covered bonds are:

- The Framework for covered bonds will be available to all federally-regulated financial institutions and provincially-regulated cooperative credit societies.

**FIGURE 2-10**



**FIGURE 2-11**



<sup>37</sup> BMO Capital Markets. 2012. Financials – Banks, Covered Bonds: A Record Year for Issuance: Potential Implications of Expected Legislation. <http://research-ca.bmocapitalmarkets.com/documents/238AD87F-8B5C-404E-AC7A-56BE71513E82.PDF> (March 21, 2012).

<sup>38</sup> RBC Capital Markets. 2012. ASF 2012. Covered Bonds Sector Review Panel.

- Eligible assets for the cover pool are uninsured residential mortgages for properties with 1 to 4 units. Insured mortgages are not permitted to be used as covered bond collateral.
- Investors in covered bonds issued under the Framework benefit from statutory bankruptcy protection over the cover pool assets.
- CMHC is responsible for the administration of the Framework and is authorized to establish terms and conditions for covered bond issuers and programs under the Framework.
- Eligible Canadian financial institutions who wish to issue covered bonds must apply to CMHC for registered issuer and registered program status, and must comply with the Framework.

### **Key benefits of the Canadian Covered Bond Legal Framework**

The Framework aims to support financial stability by facilitating diversified funding sources for lenders and by making the market for Canadian covered bonds more robust. The Framework provides greater certainty to investors with the statutory protection of their claim over the cover pool assets. As such, the Framework is expected to broaden the investor base of Canadian covered bonds and improve the supply of funding to lenders. Access to efficient and diversified funding sources allows lenders to continue offering competitively-priced credit, including mortgage credit, to consumers and to the economy at large.

Since neither the Government of Canada nor CMHC provide a guarantee of any sort on covered bonds issued under the Framework, there is no additional risk to Canadian taxpayers. As well, the administration of the Framework by CMHC will be funded by fees collected from issuers on a cost-recovery basis, thus entailing no cost to the Canadian public.

### **Key benefits of the Canadian Covered Bond Legal Framework**

- Canadian financial institutions benefit from broadened and more diversified funding via covered bonds as the Framework improves its appeal to investors.
- Investors benefit from the availability of covered bonds that are supported by a dedicated legal framework, and particularly from the statutory protection over the cover pool assets.
- Canadians benefit from continued availability of credit provided by lenders with access to diversified funding as well as from the Framework's contribution to the stability and well-functioning of the Canadian housing finance system and the financial system at large. Since neither the Government of Canada nor CMHC provide a guarantee of any sort on covered bonds issued under the Framework, there is no additional risk to Canadian taxpayers.

CMHC will be finalizing the details of the Canadian covered bonds framework shortly. Watch for details on CMHC's web site.



# Chapter 3

## Housing Markets



### Fast Facts

- The average resale price of a home in Canada in 2011 was \$363,116. Vancouver had the highest average resale price of all major urban centres at \$779,730 while Trois-Rivières had the lowest average resale price at \$156,919.
- In 2011, 11 out of 31 major urban centres, experienced sellers' markets.
- Housing starts in Canada rose 2.1% in 2011 and were above the long-term average (1955-2011 at 180,300 units) at 194,000 units.
- Starts can be divided into single and multiple units. Single dwelling starts fell by 11.0% in 2011 from 2010, while multiple dwelling starts increased by 14.6%.
- Less than 45% of first-time homebuyers in 2009 and 2010 purchased a single-detached dwelling, compared with over 60% of non-first time homebuyers over the same period.
- The average rent for a two-bedroom apartment in Canada was \$883. The highest rent in new and existing structures in 2011 was in Vancouver (\$1,237) and the lowest rent was in Trois-Rivières (\$547).
- The national vacancy rate declined to 2.5% in 2011 from 2.9% in 2010. Of all CMAs, Regina had the lowest vacancy rate (0.6%) and Windsor the highest (8.1%) in October 2011.
- The level of renovation spending grew 3% to \$43.8 billion.
- The share of total housing-related spending in nominal Gross Domestic Product (GDP) was 19.6% in 2011, down slightly from 19.8% in 2010.



This chapter summarizes developments in housing markets with reference to trends and recent developments. The first part discusses markets for new housing, focusing on trends in housing starts and inventories of unoccupied new dwellings. The next part reviews trends in market conditions for existing homes, as driven by sales and new listings. The following section discusses new and existing home price growth. Then developments in the rental housing market are reviewed. Next, renovation expenditures are examined. The last section looks at trends in housing-related spending and its share of Gross Domestic Product.

Generally, the housing sector registered moderate growth in 2011.<sup>1</sup> Specifically, sales of existing homes through the Multiple Listing Service (MLS®)<sup>2</sup> increased 2.6% in 2011, a moderate rise following the 3.9% decline recorded in 2010. The average price of existing homes increased by 7.1% in 2011 from 5.9% in 2010 while new home prices increased 2.2% in both 2010 and 2011. Annual growth in total housing starts moderated to 2.1% from the 27.4% increase posted in 2010. These trends have largely persisted into the first quarter of 2012. Meanwhile, the rental housing market saw rents rise 2.2% between October 2010 and October 2011, on average across all CMAs. Vacancy rates declined to 2.5% from 2.9% over the same period in CMAs and CAs.<sup>3</sup> On balance, growth in total housing-related spending (which includes investment in residential structures as well as housing-related consumption spending on such items as rent and electricity) moderated to 5.0% in 2011 from 7.0% in 2010.

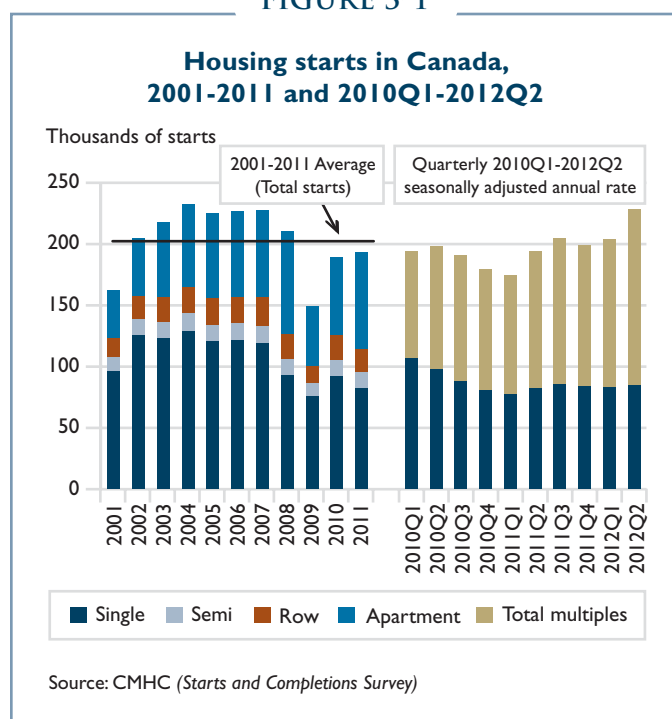
### Total housing starts increased modestly in 2011

From 1951 to 2011, the average annual rate of housing starts was 180,300 units per year. Trends in the 1990s and 2000s clearly marked opposite sides of the long-run

average, as a decade of relatively weak activity in the 1990s (at an average of 145,600 starts from 1991 to 2000) gave way to strong gains in the 2000s (which registered an average of 204,100 starts from 2001 to 2011, despite the recession in 2009) (see Figure 3-1). These patterns largely paralleled trends in employment and income growth over the same time periods, as well as higher rates of average annual population growth and average household formation from 2001 to 2011 when compared to the previous decade.<sup>4</sup>

More recently, housing starts declined nearly 30% in 2009 to 149,100 units from 211,100 units in 2008, as a result of the economic downturn. As the economy recovered, housing starts rebounded in 2010 (rising 27.4% to 190,000 units) and continued to grow modestly in 2011 (up 2.1% to 194,000 units), while remaining below pre-recession levels.

FIGURE 3-1



<sup>1</sup> CMHC housing starts and Canadian Real Estate Association (CREA) Multiple Listing Service (MLS®) figures in this Chapter are as of September 2012.

<sup>2</sup> Multiple Listing Service (MLS®) is a registered trademark owned by CREA.

<sup>3</sup> In 2006, there were 33 CMAs in Canada, constituting 34 markets if Ottawa and Gatineau are treated separately. Statistics Canada defines a CMA as an urban area with a total population of at least 100,000 and an urban core population of at least 50,000.

<sup>4</sup> See Chapter 4 for more detail on the demographic and socio-economic influences on housing demand.

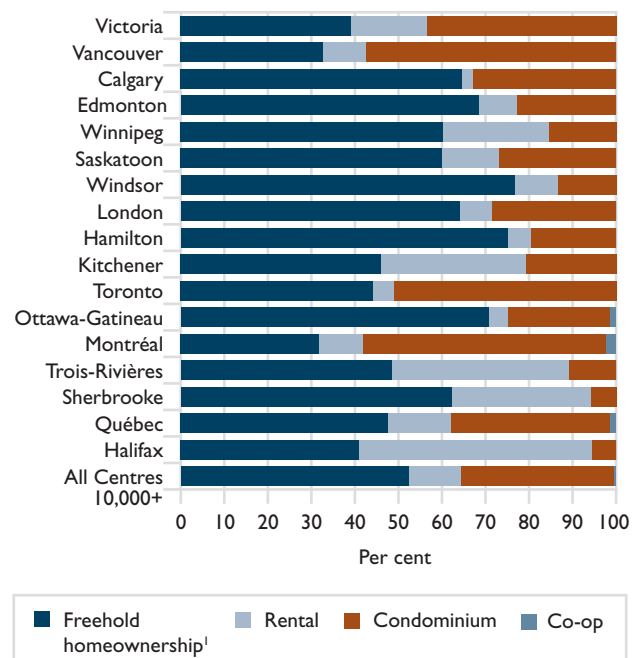
On a quarterly basis, housing starts began to moderate in the second half of 2010, falling from a seasonally adjusted annual rate<sup>5</sup> of 198,700 units in the second quarter of 2010 to 174,800 units by the first quarter of 2011. This was consistent with weakening economic conditions and increasing economic uncertainty over this period, including a downturn in employment that emerged in the latter half of 2010, as well as the emergence of a downward trend in real household net worth in the first half of 2011.<sup>6</sup> Some improvement in economic conditions over the course of the year, combined with the supportive impact of low interest rates, helped to push housing starts higher in the second and third quarters of 2011, led by particularly strong gains in the multi-unit segment. However, growth in housing starts moderated from 11.3% in the second quarter of 2011 (on a seasonally adjusted, quarter-over-quarter basis) to 5.5% in the third quarter before registering a decline of 2.7% in the final quarter of 2011. Nonetheless, the seasonally adjusted annual rate of housing starts stood at 199,700 units in the final quarter of 2011. In the first quarter of 2012, housing starts rebounded from declines in the final quarter of 2011 (on a seasonally adjusted basis), registering growth of 2.9% to 205,500 units. Housing starts continued to trend higher in the second quarter of 2012, increasing 11.6% to 229,300 units, with gains concentrated in the multiples segment of the market. This was consistent with further improvement in economic conditions in early 2012, including recovery in the level of real household net worth to levels above those immediately preceding the recession by the first quarter of 2012, as well as employment gains over the first half of 2012 (*see Chapter 4 for more detail on the demographic and socio-economic influences on housing demand*).

In 2011, single and multiple starts growth rates diverged, continuing the long-term trend towards an increasing share of multiples in total housing starts that has been clearly evident since 2002. In particular, single dwelling

starts in 2011 fell 11.0% to 82,392 units, well below the 2001 to 2011 average of about 107,000 units. Multiple dwelling starts, on the other hand, increased by 14.6% to 111,558 units, exceeding the 11-year average of about 97,000 units. As a result, the share of total housing starts accounted for by multiples increased to 58% from 51% in 2010, and was well above the most recent low of 39% in 2002. The trend continued into 2012, with the multiple share of total starts rising to 63% in the second quarter of the year. This

FIGURE 3-2

### Share of starts by intended tenure, all and selected CMAs, 2011



<sup>1</sup> Refers to units for fee simple tenure (neither condominium nor co-operative ownership). See the publication *Housing Information Monthly* for more information, available online at: [www.cmhc.ca/housingmarketinformation](http://www.cmhc.ca/housingmarketinformation).

Source: CMHC (*Starts and Completions Survey*)

<sup>5</sup> Seasonally adjusted at annual rates (SAAR) data are adjusted to remove normal seasonal variation and multiplied (by 12 for monthly data and by 4 for quarterly data) to reflect annual levels. By removing seasonal ups and downs, seasonal adjustment allows for a clearer comparison from one period to the next. Reporting data at annual rates indicates the annual level that would be obtained if the monthly or quarterly pace was maintained for a year. This facilitates comparison of the current pace of activity to historical annual levels.

<sup>6</sup> See Chapter 4 for more detail on the demographic and socio-economic influences on housing demand.

trend is consistent with a shift in price-sensitive consumer preferences away from single-detached toward multiple-type dwellings. For example, data collected as part of CMHC's *Renovation and Home Purchase Survey*<sup>7</sup> demonstrates that less than 45% of first-time homebuyers in 2009 and 2010 purchased a single-detached dwelling, compared with over 60% for the other homebuyers over the same period. In addition, local policies often encourage higher-density land use, such as multiple dwellings.

CMHC collects data on the intended market for housing starts.<sup>8</sup> Intended markets include the rental market as well as the homeownership market. Homeownership is sub-divided into three sub-markets: condominium, co-op, and freehold homeownership. The distribution of starts by intended market across all CMAs was relatively stable through the 1990s. This changed over the course of the following decade, with the share of condominium starts growing from 21.6% in 2000 to a peak of 39.3% in 2008. The share of rental starts and co-op starts also increased (rising from 7.8% in 2000 to 9.7% in 2008 for rental starts and from 0.1% to 0.4% for co-ops). Starts intended for other forms of (non-condominium and non-co-op) homeownership fell sharply from 70.5% to a low of 50.6%.

Growing demand for multiple-unit housing, discussed above, applies particularly to condominium dwellings, which are almost all multiple units (only about 1% of condominium starts were single dwellings, on average, between 1990 and 2011). This trend towards a higher share of relatively lower-priced multiple-based condominium units and away from relatively more expensive single-unit based types of homeownership within the same urban centre is particularly evident in the higher-priced cities of Vancouver and Toronto. In 2011, the share of condominium starts was highest in Vancouver at 58%, followed by Montréal (56%) and Toronto (51%). Rental starts accounted for 10% of all starts in Vancouver and Montréal and 5% in Toronto.

Housing starts varied provincially, with increases recorded in 5 of the 10 provinces from 2010 to 2011. Gains, in terms of per cent change, were led by Prince Edward Island, where starts increased 24.3% to 940 units in 2011 (*see Figure 3-3*). Housing activity in Prince Edward Island benefited from strong population growth and employment growth in 2011 (*see Chapter 4 for more detail on provincial economic developments*). However, activity was weaker in early 2012 in Prince Edward Island, as the level of housing starts fell 58.3% (quarter-over-quarter) to 500 annualized units in the first quarter of the year, on a seasonally adjusted basis.

From 2010 to 2011, housing starts also increased in Saskatchewan (19%), Ontario (12.2%), Nova Scotia (7.8%) and Manitoba (3.0%). Similar rates of growth were recorded in the first quarter of 2012 in these provinces, with the exception of Nova Scotia, which saw a 20.4% (quarter-over-quarter) decline.

Housing starts declined from 2010 to 2011 in New Brunswick (-15.8%), Quebec (-5.8%), Alberta (-5.1%), Newfoundland and Labrador (-3.3%) and British Columbia (-0.3%). However, most of these provinces have seen a return of positive growth rates in early 2012, with quarter-over-quarter gains in the first quarter of 2012 in Newfoundland and Labrador (9.4%), British Columbia (3.8%) and Alberta (2.0%). The exceptions were New Brunswick (-34.2%) and Quebec (-15.2%).

### **Inventories of completed and unoccupied units per 10,000 population near historical average**

Inventories are closely linked to the overall growing stock of homes in the country and fundamentals such as the number of households in Canada. Population growth implies an increasing number of households that require a home. This means the housing stock has to grow over time to match the growing demand for housing.

<sup>7</sup> Publications based on the *Renovation and Home Purchase Survey* include major market highlights, as well as detailed data tables for surveyed urban centres. [www.cmhc.ca/en/hoficlincl/homain/stda/index.cfm](http://www.cmhc.ca/en/hoficlincl/homain/stda/index.cfm) (May 23, 2012).

<sup>8</sup> Freehold homeownership includes all ownership tenure other than condominium and co-operative ownership. See CMHC's *Housing Information Monthly* publication for more information on starts and completions by intended market. [www.cmhc.ca/en/hoficlincl/homain/stda/index.cfm](http://www.cmhc.ca/en/hoficlincl/homain/stda/index.cfm) (May 23, 2012).

As a result, the stock of unoccupied new units needs to be assessed relative to the stock of all housing, occupied and unoccupied, new and existing. However, in the absence of up-to-date estimates of the stock of all housing, population estimates can be used.

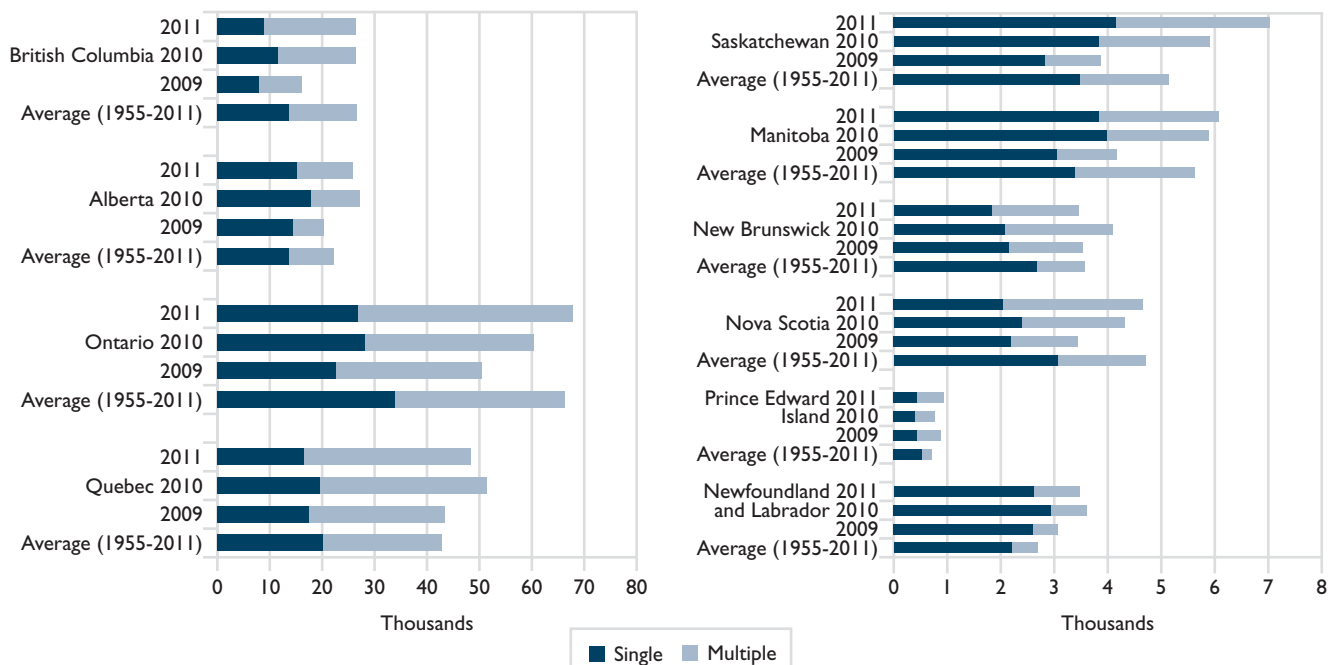
Looking at single, semi-detached, row, and apartment units together, the quarterly average number of total completed and unoccupied housing units per 10,000 population was 5.5 units in 2011 and 5.3 units in the second quarter of 2012, close to the 1982Q1 to 2012Q2 historical average of 5.4 units (see Figure 3-4). The composition of inventories has shifted away from single- and semi-detached units toward row and apartment units, consistent with the trend towards the increasing high-densification of housing in Canada's larger urban centres.

Inventories were below local historical averages in most metropolitan centres in 2011, including Halifax (at 2.3 units per 10,000 population, 71.8% below the local historical average of 8.0 units), Toronto (at 2.3 units,

43% below the average of 4.1 units), Ottawa (at 3.1 units, 28.5% below the average of 4.4 units), Calgary (at 8.1 units, 18.8% below the average of 10.0 units), Vancouver (at 12.9 units, 9.6% below the average of 14.2 units) and Montréal (at 8.8 units, 7.4% below the local average of 9.5 units). An exception to this was Québec, which registered an inventory level of 15.5 units per 10,000 population, 49.6% above the local historical average of 10.4 units. By the second quarter of 2012, total inventories in Québec had declined to 14.3 units per 10,000 population, 37.9% above the historical average. Inventories in the second quarter of 2012 also declined in Calgary, Montréal and Ottawa. Inventories increased in Toronto and Halifax by the second quarter of 2012, but continued to remain below local historical averages. On the other hand, Vancouver saw an increase in total inventories per 10,000 population by the second quarter to a level slightly above (1%) its long run average.

FIGURE 3-3

## Housing starts by province, 2009-2011

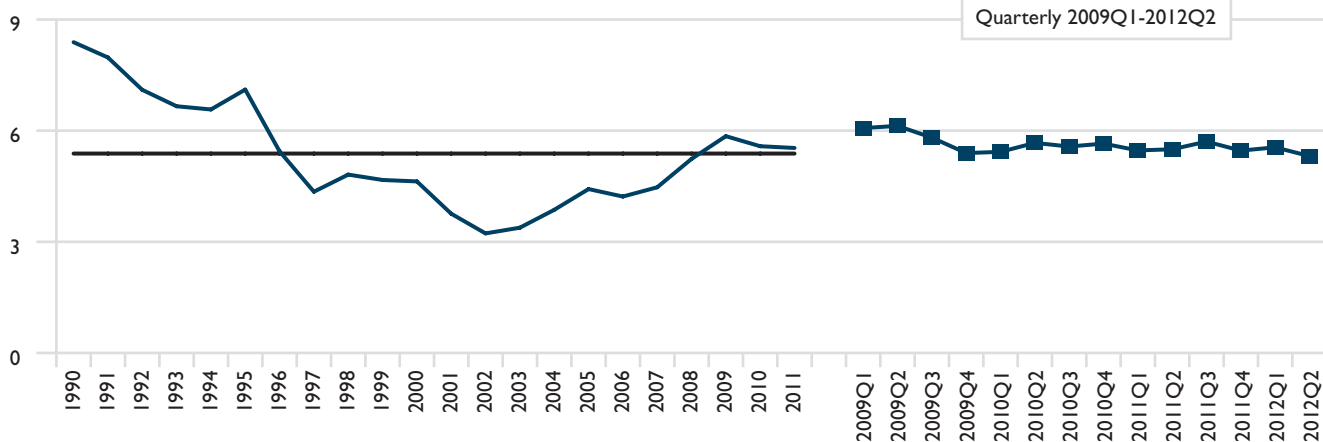


Source: CMHC (Starts and Completions Survey)

FIGURE 3-4

### Total completed and unoccupied housing per 10,000 population, Canada,<sup>1</sup> 1990-2011 and 2009Q1-2012Q2

Number of units per 10,000 population

<sup>1</sup> Data are for Census Metropolitan Areas and Census Agglomerations.

Source: CMHC

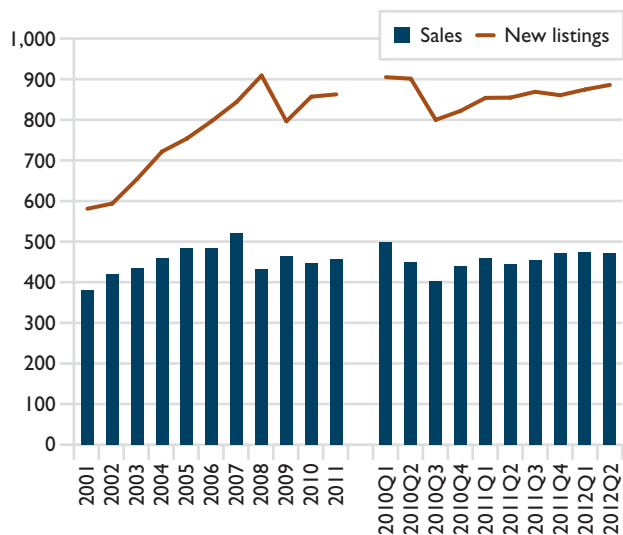
### Resale market at the threshold between sellers' and balanced territory in 2011

Prior to the 2008/2009 economic downturn, sales of existing homes (MLS®) had trended steadily higher, reaching a peak of 521,036 units in 2007 (see Figure 3-5). Sales of existing homes fell 17.1% to 431,771 units in 2008. Supported by low interest rates and improved economic conditions, sales climbed 7.7% in 2009 to 464,980 units before registering a 3.9% decline in 2010 to 446,729 units. In 2011, sales rose a modest 2.6% to 458,401 units, well below the 2007 peak. Sales continued to grow in the first quarter of 2012, reaching 473,676 seasonally adjusted units (at annual rates), before registering a slight decline of 0.2% to 472,628 units in the second quarter of 2012. The level of new listings reached a peak of 908,431 units in 2008, following several years of strong growth. New listings fell 12.4% in 2009 to 795,753 units, which was followed by a 7.6% increase in 2010, to 856,453 units. New listings registered weaker growth in 2011 of 0.7%, to 862,093 units, remaining below the 2008 peak. In the first half of 2012, new listings continued to expand, reaching 885,336 units in the second quarter (seasonally adjusted at annual rates).

FIGURE 3-5

### MLS® sales and new listings, Canada, 2001-2011 and 2010Q1-2012Q2

Thousands of units



Note: Quarterly data are seasonally adjusted at annual rate (SAAR).

Sources: Canadian Real Estate Association (CREA); Quebec Federation of Real Estate Boards (QFREB). MLS® is a registered trademark for CREA.



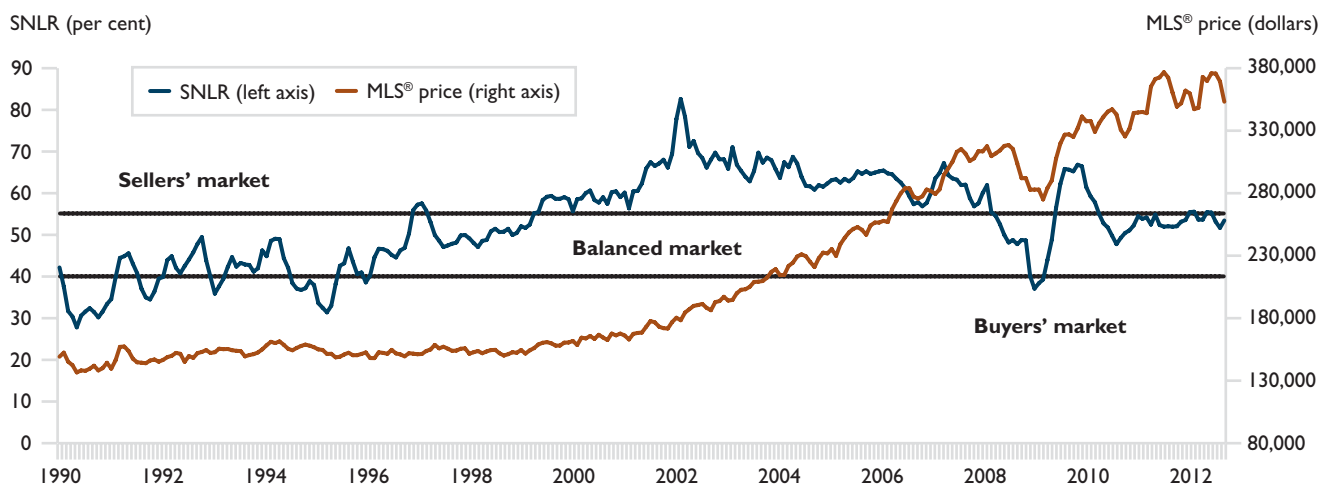
From 2001 to 2007, the growth of new listings outpaced the growth of existing home sales. However, the sales-to-new-listings ratio was well above the 55% threshold between balanced and sellers' markets (*see Figure 3-6*), as it moderated from a peak of 70.7% in 2002 to 61.8% in 2007.<sup>9</sup> Consistent with these sellers' market conditions, average existing home price growth accelerated to 9.7% in 2002 from its 1990 to 2000 average annual pace of 1.1%. Price growth eventually reached its most recent peak of 11.2% in 2006 (with the average MLS® price reaching a level of \$277,248), followed by a slight moderation in the pace of price growth to 10.8% in 2007 (reaching a level of \$307,116).

In 2008, the fall in existing home sales combined with on-going growth in the level of new listings drove the sales-to-new-listings ratio down to 47.5%. The rapid emergence of balanced market conditions in 2008 led to the emergence of year-over-year declines in average

existing home prices in the second half of 2008 which culminated in an annual home price decline of 0.7% (to \$305,021). These developments discouraged new listings in 2009, while improving economic conditions and low interest rates supported renewed growth of sales. As a result, the sales-to-new-listings ratio jumped to 58.4%. The re-emergence of relatively less pronounced sellers' market conditions (when compared to the very high sales-to-new-listings ratio prior to 2008) was accompanied by price growth of 5.1% in 2009 (\$320,447). Sales in 2010 and 2011 trended modestly lower, while new listings trended modestly higher, leaving the sales-to-new-listings ratio at 55.5% by the end of 2011, just above the threshold between balanced and sellers' markets. For 2011 as a whole, the sales-to-new-listings ratio averaged 53.2%, indicating generally balanced resale market conditions for a second consecutive year. Consistent with these conditions, average existing

FIGURE 3-6

### MLS® sales-to-new-listings ratio (SNLR) and average MLS® price, Canada, 1990-2012<sup>1</sup>



<sup>1</sup> Monthly data are shown. Latest data point is July 2012.

Sources: Canadian Real Estate Association (CREA); Quebec Federation of Real Estate Boards. MLS® is a registered trademark for CREA.

<sup>9</sup> Taking the Canadian MLS® market as a whole, a sales-to-new-listings ratio below 40% 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% 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 numbers in this paragraph refer to annual averages; Figure 3-6 shows monthly data, which are more variable. On a monthly basis, the sales-to-new-listings ratio reached its most recent peak of 82.6% in January 2002 and its most recent low of 37.0% in November 2008.

home prices increased 5.9% in 2010 (to \$339,200) and 7.1% in 2011 (to \$363,116). Balanced market conditions continued to prevail in the first half of 2012, with the ratio of sales-to-new-listings registering a value of 53.4% in the second quarter, very close to its 2011 level of 53.2%, as sales growth slightly outpaced growth in new listings in the first half of the year. Average existing home prices increased 0.8% on a raw, unadjusted basis between the first quarter of 2011 and the first quarter of 2012 before registering a 0.1% year-over-year decline in the second quarter of 2012. The seasonally adjusted average level of existing home prices was \$364,328 in the second quarter of 2012.

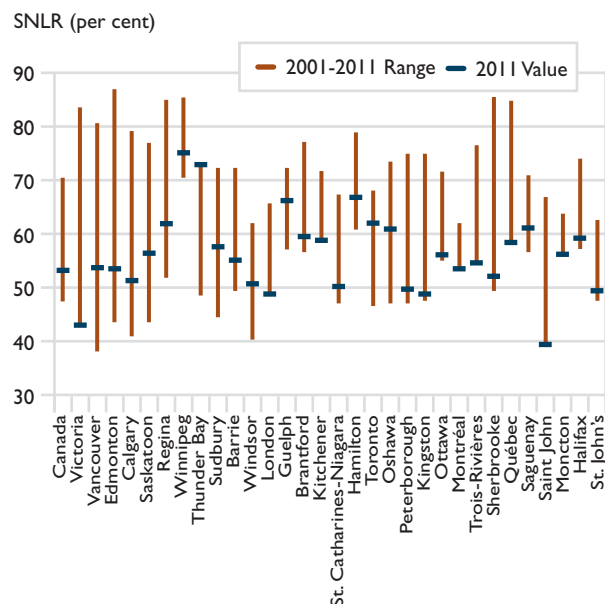
Sellers' market thresholds vary across urban centres, reflecting underlying differences in local demographic and economic conditions. As a result, local market thresholds do not necessarily coincide with national average thresholds. In 2011, 11 of the 31 major urban centres<sup>10</sup> were in sellers' market conditions, on average over the course of the year (see Figure 3-7). By population in the 2011 Census, sellers' market conditions existed in Toronto, Winnipeg, Hamilton, Québec, Oshawa, Saguenay, Barrie, Guelph, Thunder Bay, Brantford and Moncton. Market conditions across urban centres were broadly similar in 2010, when 10 urban centres were in sellers' market conditions. The two largest Canadian urban centres of Montréal and Toronto moved across local thresholds in opposite directions between 2010 and 2011, with Montréal crossing the threshold from a sellers' market in 2010 to a balanced market in 2011, while Toronto emerged as a sellers' market in 2011.

### MLS® average existing home prices and the New Housing Price Index increased in most centres in 2011

Resale home prices were up in most major urban centres, with particularly strong gains in Vancouver, where prices increased 15.4% in 2011 to \$779,730 (see Figures 3-8 and 3-9). However, price growth in Vancouver weakened

FIGURE 3-7

#### MLS® sales-to-new-listings ratio (SNLR), Canada and selected urban centres, 2001-2011 range<sup>1</sup> and 2011 value



<sup>1</sup> Minimums and maximums for Montréal are from the 2004-2011 period; for all other centres in Quebec, the range is from the 2002-2011 period.

Sources: Canadian Real Estate Association (CREA); Quebec Federation of Real Estate Boards. MLS® is a registered trademark for CREA.

markedly in the first quarter and second quarter of 2012, registering year-over-year declines of 1.0% and 11.5% when compared to the first and second quarter of 2011, respectively (on a non-seasonally adjusted basis). The seasonally adjusted level of average existing home prices in the second quarter of 2012 was \$713,649 in Vancouver. Toronto also registered strong growth (7.9%) in 2011, reaching an average level of \$466,352. Consistent with the emergence of local sellers' market conditions in Toronto, price growth remained strong in the first and second quarters of 2012, at 10.1% and 7.2%, respectively (on a year-over-year, seasonally unadjusted basis),

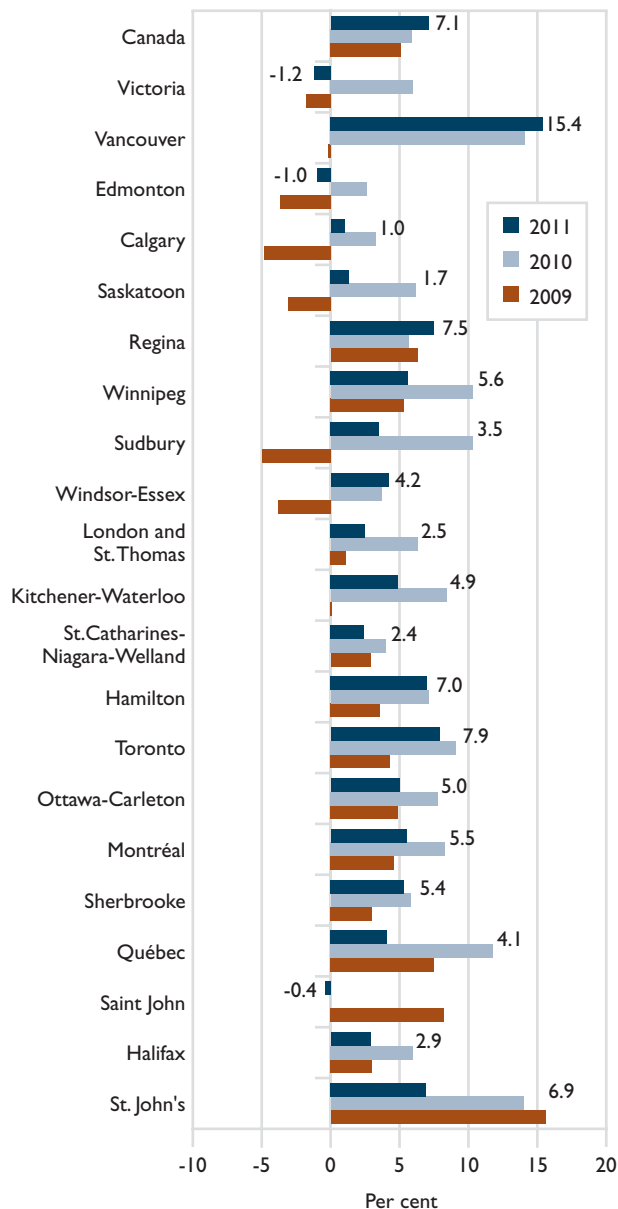
<sup>10</sup> Data on existing home sales, new listings and price growth are published by the Canadian Real Estate Association (CREA) and the Quebec Federation of Real Estate Boards (QFEB). While the geographic units of analysis of these two agencies generally overlap with Statistics Canada's definition of CMAs, they are not identical. This chapter refers to the geographic regions covered by the Real Estate Boards as urban centres, in order to avoid suggesting that there is a perfect correspondence with the CMAs defined in the 2006 Census. However, for the sake of comparison with the housing starts and new home inventory data collected by CMHC, which is based on Census definitions, the analysis of existing home markets focuses on those urban centres most closely overlapping CMAs.

reaching a (seasonally adjusted average level) of \$499,932 in the second quarter. Montréal and Ottawa-Carleton registered similar increases in average prices in 2011 (5.5% and 5.0%, respectively), and showed evidence of moderation in 2012. Specifically, in the first and

second quarter of 2012, Montréal registered year-over-year increases of 5.1% and 3.4%, respectively, while Ottawa-Carleton registered year-over-year increases of 3.3% and 2.1% over the same periods. On the other end of the spectrum, resale house prices in Victoria and Edmonton dipped lower in 2011 (-1.2% and -1.0%, respectively) following increases in 2010. However, while Edmonton saw moderate growth in the first and second quarter of 2012 (3.2% and 3.7% on a year-over-year basis, respectively), Victoria continued to see declining prices in 2012 (-2.0% in the first quarter and -3.6% in the second

FIGURE 3-8

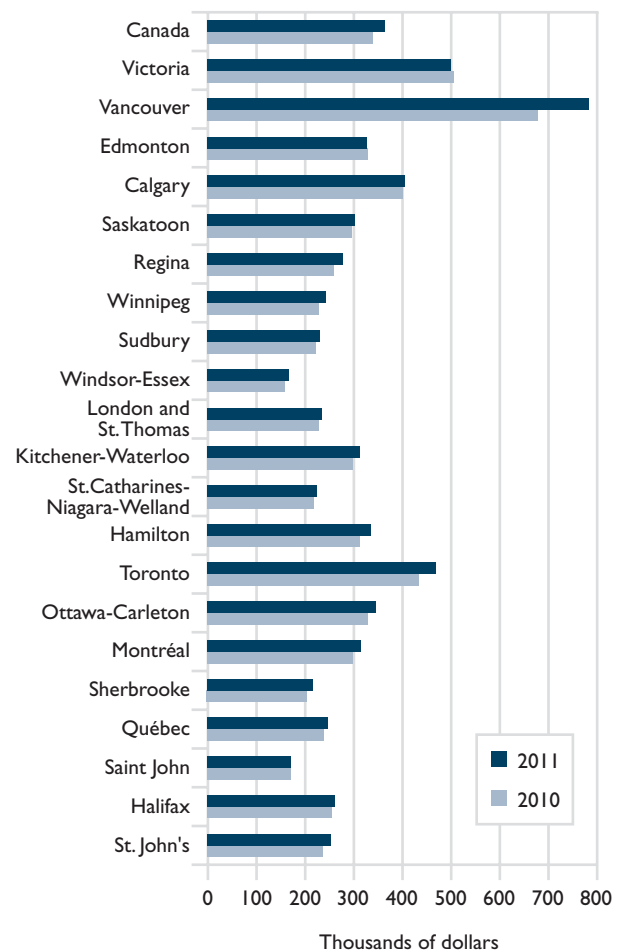
### Changes in MLS® prices, Canada and selected urban centres, 2009-2011



Sources: Canadian Real Estate Association (CREA);  
Quebec Federation of Real Estate Boards; Statistics Canada.  
MLS® is a registered trademark for CREA.

FIGURE 3-9

### Average MLS® price, Canada and selected urban centres, 2010 and 2011



Sources: CMHC; Canadian Real Estate Association (CREA);  
Quebec Federation of Real Estate Boards. MLS® is a registered  
trademark for CREA.

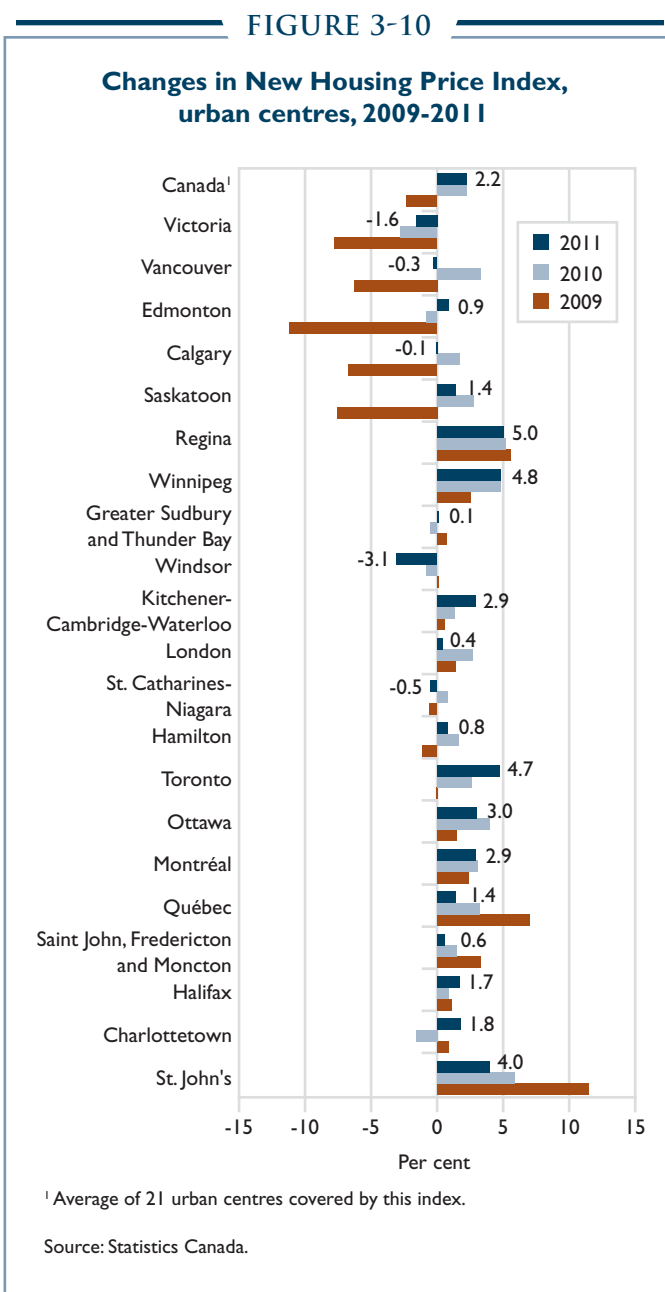
quarter, on a year-over-year basis). As a result, Toronto replaced Victoria as the second-highest-priced urban centre, after Vancouver, in the first quarter of 2012.

New home prices increased 2.2% in 2011, with price growth recorded in 16 of the 21 urban centres covered by Statistics Canada's New Housing Price Index (see Figure 3-10).<sup>11</sup> The largest annual increases were recorded in Regina (5.0%), Winnipeg (4.8%) and Toronto (4.7%). New house price declines were led by a 3.1% decline in Windsor, followed by declines in Victoria (-1.6%), St. Catharines-Niagara (-0.5%), Vancouver (-0.3%) and Calgary (-0.1%). More modest increases occurred in Ottawa (3.0%) and Montréal (2.9%).

Year-over-year national average new home price growth in 2012 was similar to 2011 annual growth, at 2.3% between July 2011 and July 2012. Year-over-year new home price growth was also broadly similar in Regina (4.7%), Toronto (4.6%), Winnipeg (4.4%), and Ottawa (3.0%), but year-over-year new home price growth in Montréal (1.3%) was relatively lower. However, while new home prices in St. Catharines-Niagara and Calgary showed evidence of rebounding from the declines recorded in 2011 (rising 2.1% and 2.3%, respectively, in the 12 month-period to July 2012), year-over-year declines were registered in Victoria (-2.9%) and Vancouver (-0.8%). Year-over-year new home prices were also down in Saint John (-0.4%) and Charlottetown (-0.6%) in July 2012.

### Average rents for two-bedroom apartments increased less than inflation in 2011<sup>12</sup>

On a provincial basis, rents for two-bedroom apartments in new and existing structures were highest in British Columbia (\$1,050), Alberta (\$1,042) and Ontario (\$1,002); and lowest in Quebec (\$684), New Brunswick



<sup>11</sup> The New Housing Price Index (NHPI) measures changes over time in the contractors' selling prices of new residential houses, where detailed specifications remain the same between two consecutive periods. For more information see, *Capital Expenditure Price Statistics*, Catalogue number 62-007-X Ottawa: Statistics Canada. The NHPI does not provide coverage for all CMAs, as defined in the 2011 Census. In addition, some geographic regions that are covered by the NHPI are not currently defined as a specific CMA (according to the 2011 Census definition), and some individual CMAs are aggregated in the NHPI. As a result of these considerations, the urban centres covered by the NHPI are referred to only as "metropolitan areas" by Statistics Canada and not as "census metropolitan areas." For consistency with the nomenclature adopted for the previous discussion of existing home markets, NHPI localities are referred to here simply as "urban centres".

<sup>12</sup> The average monthly rent level reported here covers two-bedroom apartments in new and existing structures. New structures are apartments that were first surveyed in October 2011, while existing structures were also surveyed in October 2010. However, average rent increases reported here are based solely on those structures that were common to the survey sample for both years. By excluding new structures from the calculation of rent increases, this gives a measure of rent increases that controls for quality changes in rental structures.

(\$687) and Newfoundland and Labrador (\$701). The largest increase from October 2010 to October 2011 was in Newfoundland and Labrador (at 5.0%), and the smallest in Alberta (at 1.3%).

On average, rents for existing two-bedroom apartments across CMAs increased by 2.2% between October 2010 and October 2011 (*see Figure 3-11*), a similar pace to what was observed between October 2009 and October 2010 (2.4%) and less than the rate of inflation over the 12 months to October 2011 (2.9%) (*see Figure 3-11*).

Average two-bedroom rent levels in new and existing structures in 2011 were highest in Vancouver (\$1,237) and Toronto (\$1,149); and lowest in Trois-Rivières (\$547), Saguenay (\$557) and Sherbrooke (\$577) (*see Figure 3-12*). The largest rent increases in existing

structures across the CMAs from October 2010 to October 2011 were in Regina (at 6.2%), St. John's (5.4%) and Winnipeg (4.2 %). Average rents decreased in Kelowna (-0.5%), and registered gains of less than 1% in Windsor (0.4%), London (0.8%), and Guelph and Edmonton (both at 0.9%).

The average national vacancy rate declined across all CMAs and Census Agglomerations (CAs) to 2.5% in October 2011 from 2.9% a year earlier (*see Figure 3-11*). Vacancies were likely pressured lower by generally improved employment conditions in 2011 and high levels of immigration, as immigrant households typically live in rental accommodation when newly arrived (*see Chapter 4 for greater detail on immigration trends*).

FIGURE 3-11

**MLS® prices, monthly rents and vacancy rates,  
Canada<sup>1</sup> and Provinces, 2011**

	Average MLS® Price <sup>2</sup>		Monthly Rent <sup>3</sup> (two-bedroom apartments)		Vacancy Rate <sup>3</sup> (apartment structures of 3+ units)	
	Level (\$000)	Change (%)	Level (\$)	Change (%)	Level (%)	Change (percentage points)
British Columbia	561.3	11.1	1,050	2.2	2.4	-0.3
Alberta	353.4	0.3	1,042	1.3	3.4	-1.2
Saskatchewan	258.4	6.7	914	4.6	1.9	-0.3
Manitoba	234.6	5.6	850	4.0	1.0	0.1
Ontario	366.4	6.9	1,002	1.8	2.2	-0.7
Quebec	261.3	5.1	684	2.6	2.6	-0.1
New Brunswick	160.5	2.1	687	2.2	4.8	0.3
Nova Scotia	212.5	3.1	882	1.7	2.7	-0.2
Prince Edward Island	149.6	1.6	745	2.2	2.9	0.7
Newfoundland and Labrador	251.6	6.9	701	5.0	1.3	0.3
Canada/(All CMAs for rent, CMAs and CAs for vacancy rate) <sup>1</sup>	363.1	7.1	883	2.2	2.5	-0.4

<sup>1</sup> The data in the bottom row refer to "Canada" for MLS® prices, "All CMAs" for rent, and CMAs and CAs for vacancy rate.

<sup>2</sup> For MLS® prices, the level is for 2011; changes are from 2010 to 2011.

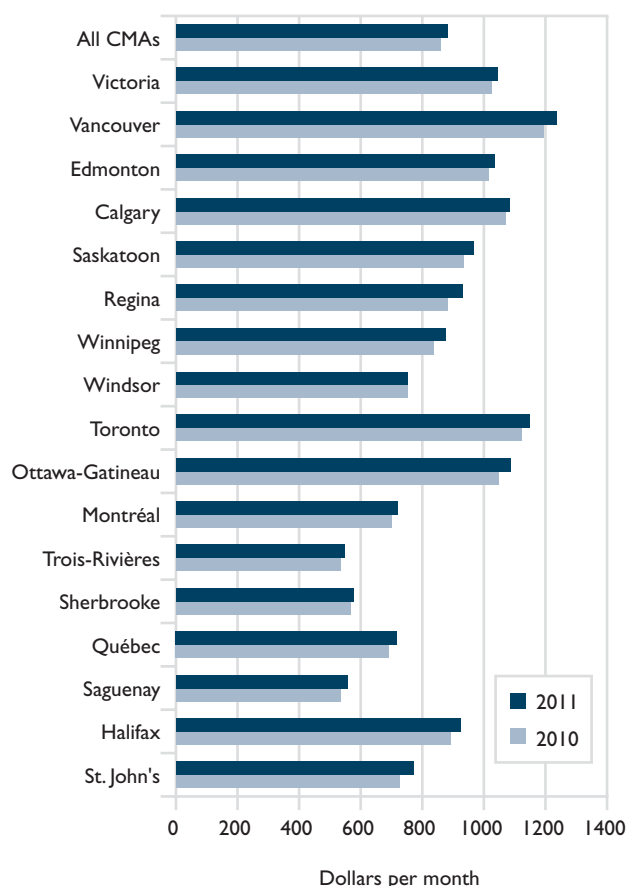
<sup>3</sup> For rent and vacancy rates, levels are for October 2011; changes are from October 2010 to October 2011, for structures in the survey in both years.

Sources: CMHC (*Rental Market Survey*); Canadian Real Estate Association (CREA); Quebec Federation of Real Estate Boards. MLS® is a registered trademark for CREA.



FIGURE 3-12

### Average monthly rent for two-bedroom apartments, all and selected CMAs, 2010 and 2011



Note: Average monthly rent is for October 2010 and October 2011.

Source: CMHC (Rental Market Survey)

Provincially, vacancy rates were lowest in Manitoba (1.0%), Newfoundland and Labrador (1.3%), Saskatchewan (1.9%) and Ontario (2.2%); and highest in New Brunswick (4.8%) and Alberta (3.4%) (see Figure 3-11).

Across CMAs, vacancy rates were lowest in Regina (0.6%), Winnipeg, Kingston and Guelph (all at 1.1%) and St. John's (1.3%); and highest in Windsor (8.1%),

Abbotsford-Mission (6.7%), Saint John (5.9%), Sherbrooke (4.7%) and Moncton (4.3%) (see Figure 3-13).

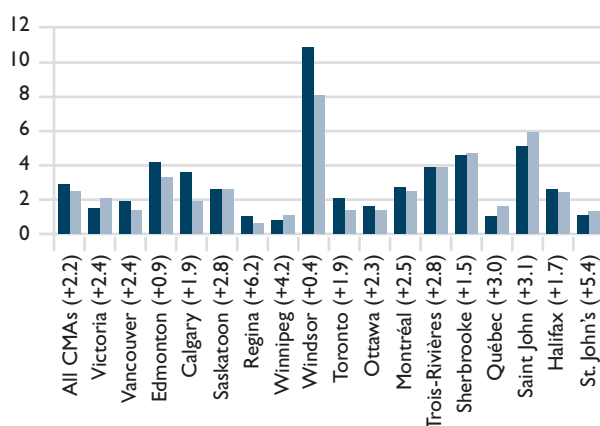
### Modest growth in renovation spending in 2011<sup>13</sup>

Renovation spending growth increased modestly in 2011 to 3%, from a gain of 2.5% in 2010. Overall, the level of renovation spending grew to \$43.8 billion in 2011 from \$42.6 billion in 2010 (see Figure 3-14). The trend towards slower growth rates continued in the first quarter of 2012 (on a quarter-over-quarter basis), as the seasonally adjusted level of renovation spending

FIGURE 3-13

### Vacancy rate<sup>1</sup> and change in rent, all and selected CMAs, 2010 and 2011

Vacancy rate (per cent)



■ Vacancy rate October 2010 ■ Vacancy rate October 2011  
(x.x) Per cent change in average rent for a two-bedroom apartment between October 2010 and October 2011<sup>2</sup>

<sup>1</sup> In privately initiated apartment structures with at least three units.

<sup>2</sup> The average rent increase reported here is based only on those structures that were common to the survey sample for both years. By excluding new structures (i.e. those that were not included in the survey in 2010), this gives a measure of rent increases that controls for quality changes in rental structures.

Source: CMHC (Rental Market Survey)

<sup>13</sup> Historical data on housing-related GDP were revised by Statistics Canada on October 1, 2012, along with other components of the Income and Expenditure Accounts. Historical disposable income and net worth data were revised by Statistics Canada with the release of the second quarter National Balance Sheet Accounts on October 15, 2012. The data presented in this chapter reflect these revisions. [www.statcan.gc.ca/nea-cen/hr2012-rh2012/start-debut-eng.htm](http://www.statcan.gc.ca/nea-cen/hr2012-rh2012/start-debut-eng.htm) (November 1, 2012).

increased 1.5% to \$45.5 billion (at annual rates). Moderation in spending growth on renovation in 2011 is consistent with the softening of sales of existing homes, as much of renovation typically occurs in the first three years after a home purchase.

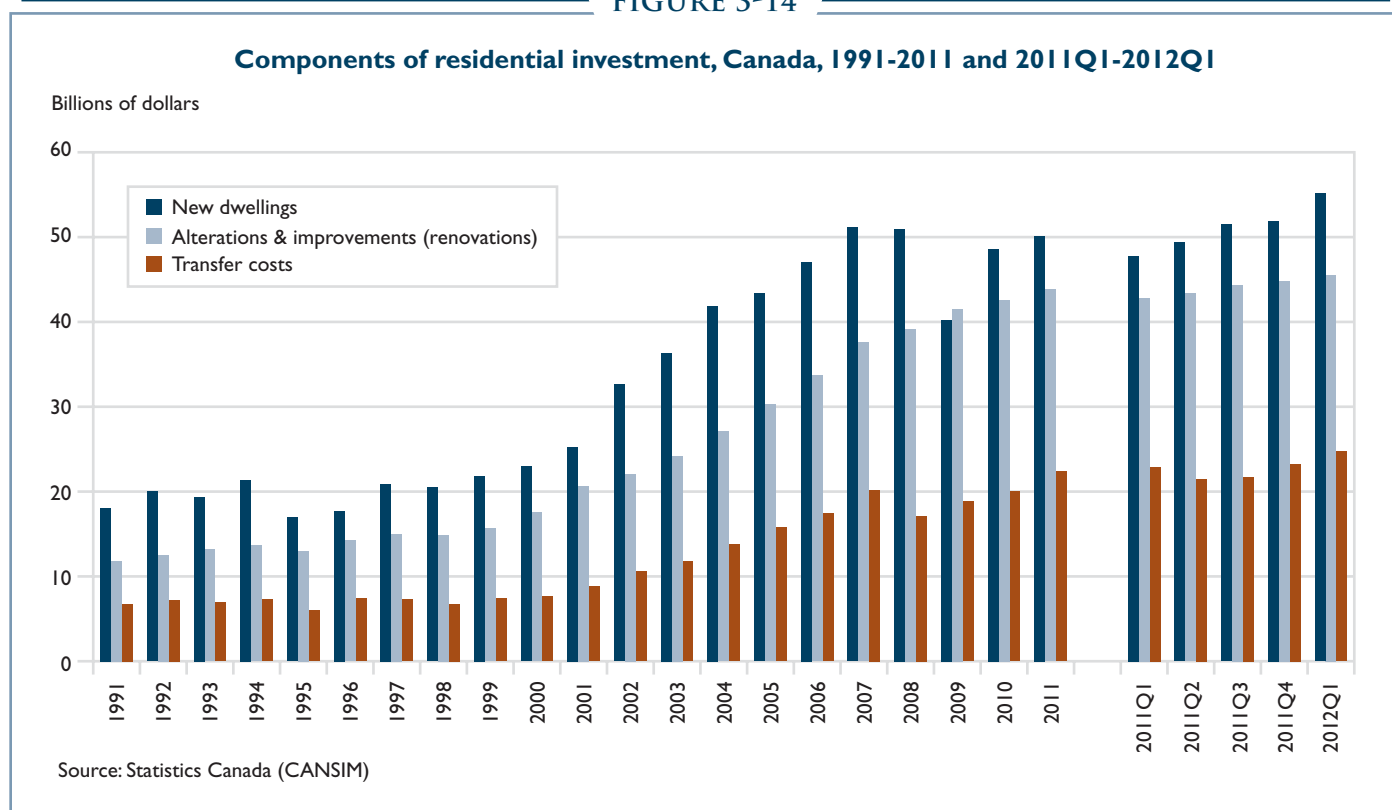
### Housing-related GDP growth moderated in 2011

Housing-related expenditure includes both residential investment (comprising the value of new construction, renovations and the transfer costs associated with the sales of existing homes, including real estate commissions, legal fees and land transfer fees) and housing-related consumption (comprising spending on gross rent, electricity and fuels). Consistent with the trends in housing starts and existing home sales discussed above,

residential investment growth was particularly strong from 2001 to 2007, with contributions from all three components (*see Figure 3-14*). In 2008, ownership transfer costs fell 15.4% to \$17.1 billion from \$20.2 billion in 2007, while growth in new dwellings declined 0.3% to \$50.1 billion from \$51.1 billion and the pace of renovations slowed (from 11.5% to 4.3%). In 2009, there was a 21.1% decline in the value of new dwellings to \$40.2 billion. Renovations continued to increase at a moderate pace (6.0%). Ownership transfer costs rebounded by 10.2% in 2009, reflecting the rebound in existing home sales that year.

In 2010, all components of residential investment increased as the housing sector played a pivotal role in helping Canada continue to recover from the global recession. The value of new dwellings rose 20.8% to \$48.6 billion.

FIGURE 3-14



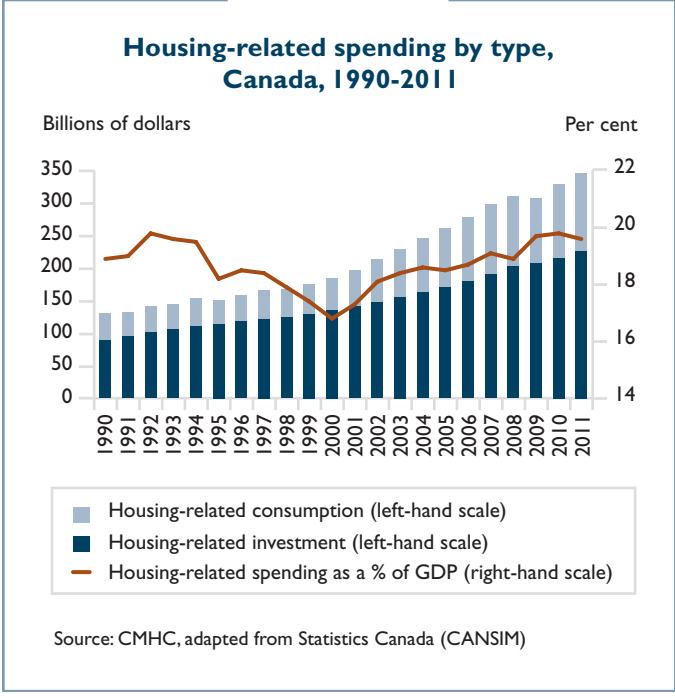
However, growth in renovation spending and ownership transfer costs moderated. Renovation spending rose 2.5% to \$42.6 billion, while ownership transfer costs rose 6.1% to about \$20.0 billion. Total housing-related expenditure continued to expand in 2011, albeit at a slower annual pace (5.0%) than in 2010 (7.0%). Both residential investment and housing-related consumption increased at similar rates in 2011 (5.1% and 5.0%, respectively). Growth in total housing-related expenditure, as well as growth in its two components, strengthened in the first quarter of 2012.

As a result of moderation in the growth of total housing-related expenditure in 2011, the share of total housing-related spending in nominal Gross Domestic Product (GDP) dipped to 19.6% from 19.8% in 2010 (see Figure 3-15). Reflecting the increase in total housing-related expenditure in the first quarter of 2012, the share of GDP accounted for by the housing sector reached 19.9% in the first quarter of the year. Housing-related spending had been following an upward trend since 2000, when it accounted for about 17% of GDP.

With respect to its components, housing-related consumption saw its share of total GDP decline modestly from 13.0% in 2010 to 12.9% in 2011, while the share of residential investment held steady at 6.8%. In the first quarter of 2012, the share of housing-related consumption was unchanged at 12.9%, while the share of residential investment increased slightly to 7.0%.

In 2011, residential investment was supported by transfer costs, which saw its share of GDP rise slightly to 1.3% from 1.2% in 2010. The share of renovation spending declined modestly from 2.6% in 2010 to 2.5% in 2011. The share of new housing construction also declined slightly, to 2.8% from 2.9%. In the first quarter of 2012, the shares of new housing construction and transfer costs both edged up (to 3.1% and 1.4%, respectively), while the share of renovation spending to GDP held steady at 2.5%.

FIGURE 3-15



# Chapter 4

## Demographic and Socio-economic Influences on Housing Demand



### Fast Facts

- After declining during the 2008-09 recession, employment grew in 2010 and 2011, reducing the national unemployment rate from 8.3% in 2009 to 7.4% in 2011.
- The net worth of Canadian households increased in 2011. After adjustment for inflation, net worth per capita was about \$7,000 higher than prior to the recession.
- Immigration in the first decade of this century was higher than in any decade of the twentieth century. As a result, the annual rate of population growth in Canada from 2001 to 2011 (1.1%) was stronger than in the previous decade (1.0%).
- Census Metropolitan Areas (CMAs) accounted for 85% of population growth in Canada from 2006 to 2011. Population increased 7.4% in CMAs, 4.2% in mid-sized centres, and 1.7% in small towns and rural areas. From mid-year 2006 through mid-year 2011, CMAs accounted for 73% of all housing completions in Canada.
- After averaging 154,000 from 1991 to 2001, annual net household formation (household growth) in Canada rose to 175,000 from 2001 to 2006 and to 177,000 from 2006 to 2011.
- Moncton had the highest rate of household growth of any CMA from 2006 to 2011, followed by Kelowna, St. John's, Calgary, and Edmonton. Most Ontario CMAs had below-average rates of household formation.
- In centres with high rates of household growth such as Kelowna and Calgary, the per capita rate of housing completions from 2006 to 2011 was as much as six times higher than in low-growth centres such as Thunder Bay and Windsor.

Canada emerged from recession in the second half of 2009. In 2011, total employment rose above pre-recession levels, but the unemployment rate remained higher than before the recession.

To a large degree, earnings determine which housing choices are within reach of individuals and families. Those choices include not only the location, physical details, and tenure of the housing occupied but also decisions about whether or not to form households. Faced with uncertain prospects, people may choose to share housing rather than live on their own.<sup>1</sup>

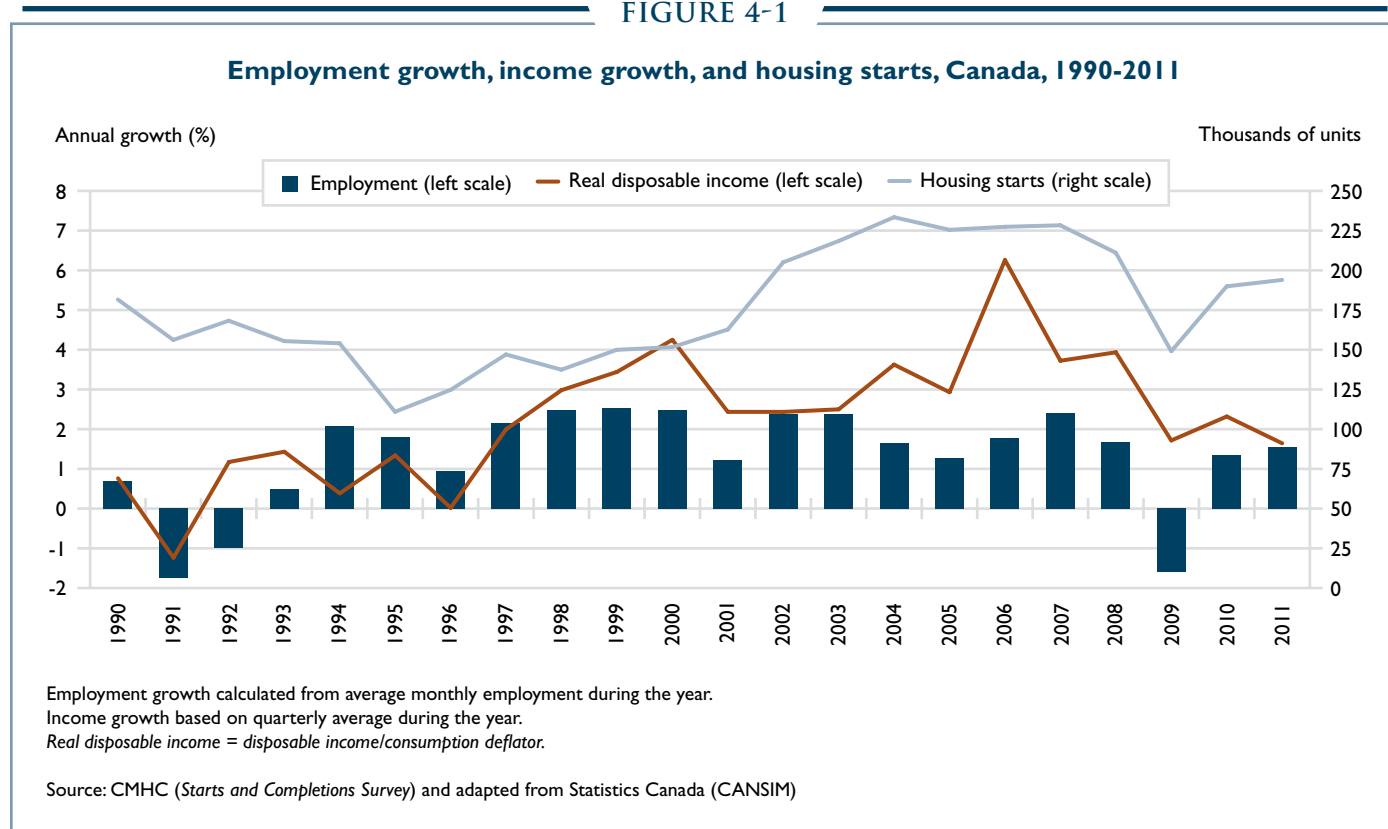
Population growth and the rate of household formation have risen moderately over the past decade. Large differences in the rate of housing construction across local markets reflect wide differences in rates of household growth.

## Labour market recovery continued in 2011

In 2011, employment in Canada rose 1.6%, up slightly from 1.4% in 2010 (*see Figure 4-1*).<sup>2</sup> These gains followed a recession-induced drop of 1.6% in 2009. The increase in hiring reduced the national unemployment rate from 8.3% in 2009 to 7.4% in 2011—far below the double-digit rates that prevailed during the aftermath of the last recession in the early 1990s, but still above the pre-recession low of 6.0% in 2007.<sup>3</sup>

In contrast to the lay-offs and expanding self-employment that characterized the recession in 2009, all of the gains in employment in 2010 and 2011 came through hiring employees rather than increased self-employment. As well, in 2011, for the first time in five years, full-time employment in Canada grew faster (1.9%) than part-time (0.2%).

FIGURE 4-1



<sup>1</sup> For example, young people may elect to delay leaving the parental home or even return to it after a period of independence.

<sup>2</sup> Annual employment growth and unemployment rate figures are based on the average of monthly values during the year.

<sup>3</sup> The unemployment rate in 2007 was the lowest in CANSIM records dating back to 1976.



Prior to the recent recession, more than a decade of steady job creation and income growth had supported strong housing demand and growing residential construction in Canada. Housing starts fell with the onset of the recession, before rising in 2010 and 2011 as labour market conditions improved.<sup>4</sup>

### Income growth slows

Changes in disposable income (see Figure 4-1) over the past two decades broadly paralleled changes in employment. Real income growth slowed sharply in 2009 when employment fell, but rebounded the next year with the resumption of positive employment growth. In 2011, disposable income growth slowed again, and real hourly wages fell slightly.

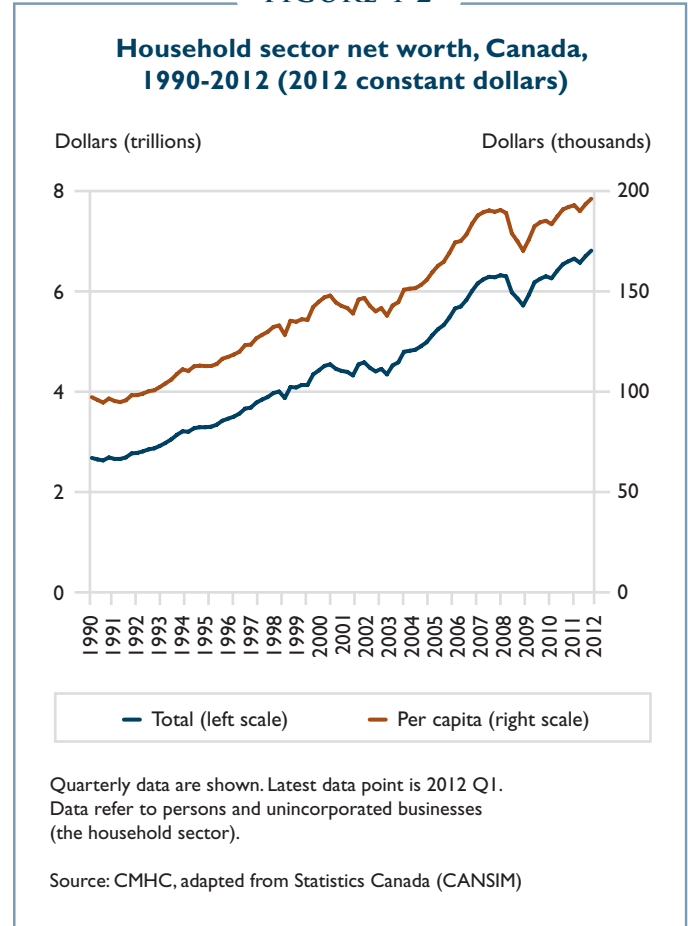
Despite weaker income growth in 2011, the recent performance of the labour market has been robust by comparison to the years immediately following the 1990-91 recession, when job creation and income growth were negligible. Real household incomes in Canada did not fully recover from that downturn until late in the decade, at which time housing starts began to rise.

### Per capita net worth<sup>5</sup> is above pre-recession levels

The real net worth of the household sector has risen since the recession of 2009.<sup>6</sup> In the second quarter of 2012, the real collective net worth of the household sector in Canada stood at \$6.9 trillion, more than half

a billion dollars above levels immediately preceding the recession (see Figure 4-2). On a per capita basis, real net worth was nearly \$7,000 above pre-recession levels.

FIGURE 4-2



<sup>4</sup> See Chapter 3 for more detail on housing market developments.

<sup>5</sup> Disposable income and net worth data in this chapter have been updated to reflect revisions to national accounts data implemented by Statistics Canada in the third quarter of 2012. [www.statcan.gc.ca/nea-cen/hr2012-rh2012/start-debut-eng.htm](http://www.statcan.gc.ca/nea-cen/hr2012-rh2012/start-debut-eng.htm) (November 1, 2012).

<sup>6</sup> The review of net worth presented here covers the period from the first quarter of 1990 through the second quarter of 2012 and is based on quarterly national balance sheet accounts for the household sector, which comprises households and unincorporated businesses. *Home equity equals the value of residential structures plus the value of land minus mortgage liabilities.* The value of structures does not include the land on which they sit. The land component of the national accounts includes residential as well as non-residential and other holdings. Mortgage liabilities include all mortgage loans, whether secured by residential properties, non-residential properties, or land. In 2012, non-residential structures represented only 2% of the value of all structures owned by the household sector. Lines of credit, which can be used to purchase homes, are recorded by Statistics Canada as consumer credit, not mortgages. Although not included in mortgage totals, lines of credit, including those secured by the borrower's home equity, are counted among total liabilities and are therefore reflected in national accounts estimates of net worth. Conclusions presented here regarding relative growth rates of net worth and home equity over time are not affected by the exclusion of lines of credit from the home equity measure described above.

Supported by rising housing prices and homeownership rates, home equity accounted for a rising share of the net worth of households over the past decade (see Figure 4-3), a change from the 1990s when housing prices were flat and equity markets rose. In the second quarter of 2012, home equity made up 34% of household net worth, and the value of residential structures and land constituted 40% of the assets held by households. Both these shares were up moderately over the previous year, but slightly below their pre-recession peaks.

**Prairie provinces have lowest unemployment rates**

In 2010 and 2011, employment increased in every province and territory except New Brunswick, where it declined both years. Despite growing employment in most parts of Canada over the past two years, Newfoundland and

Labrador was the only province or territory that had a lower unemployment rate in 2011 than in 2008 prior to the recession (see Figure 4-4). The 12.7% rate in Newfoundland and Labrador was the lowest in more than three decades,<sup>7</sup> but still the highest among provinces and second only to Nunavut (16.6%).

FIGURE 4-4

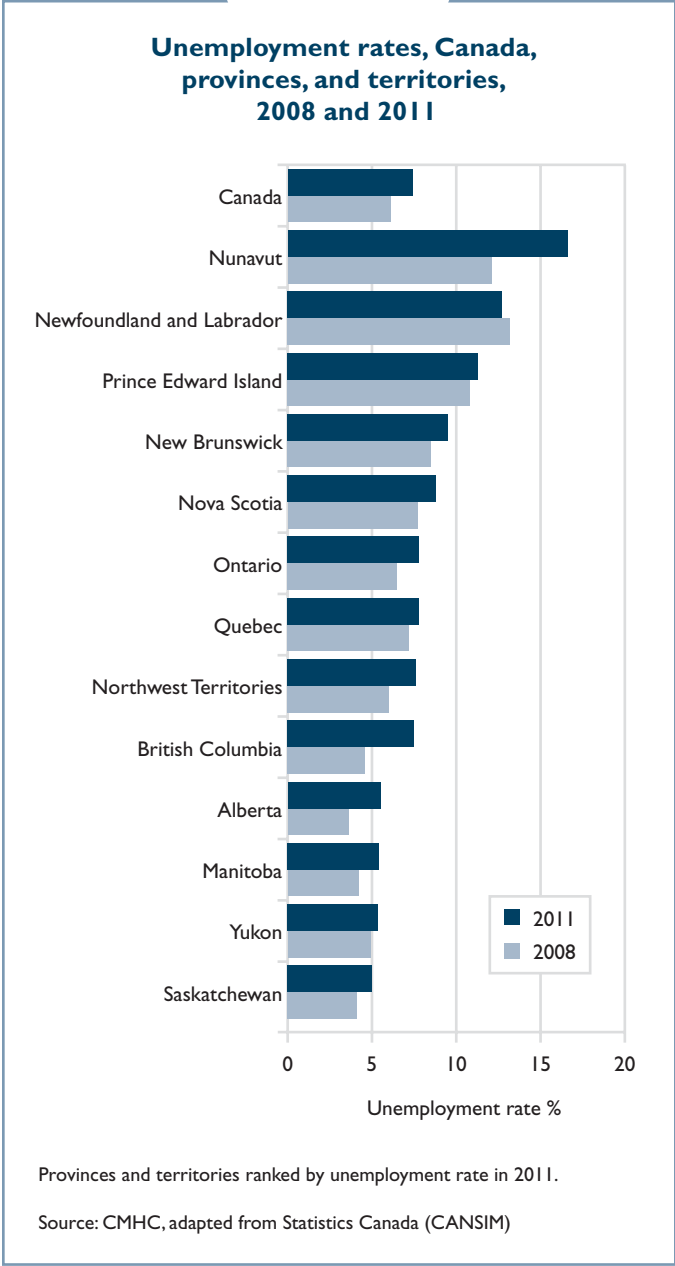
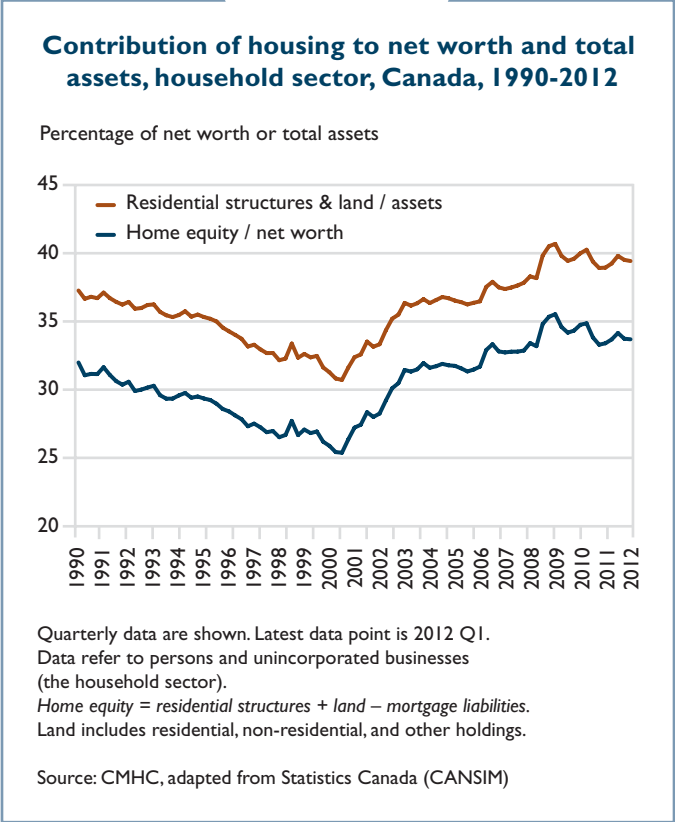


FIGURE 4-3



<sup>7</sup> CANSIM records used for this analysis date back to 1976.

Employment prospects were much stronger in the Prairie provinces. In 2011, Saskatchewan had the lowest unemployment rate (5.0%) of any province or territory, followed by Manitoba (5.4%), Yukon (5.4%), and Alberta (5.5%).

In Ontario, job losses in manufacturing helped push the province's unemployment rate above the national rate in 2007, where it remained through 2011.<sup>8</sup>

### Immigration continues to drive population growth

Much of housing demand can be traced ultimately to changes in the size and age make-up of the population. Population growth drives household formation, which typically represents the largest component of housing demand. Growth in the number of households creates an

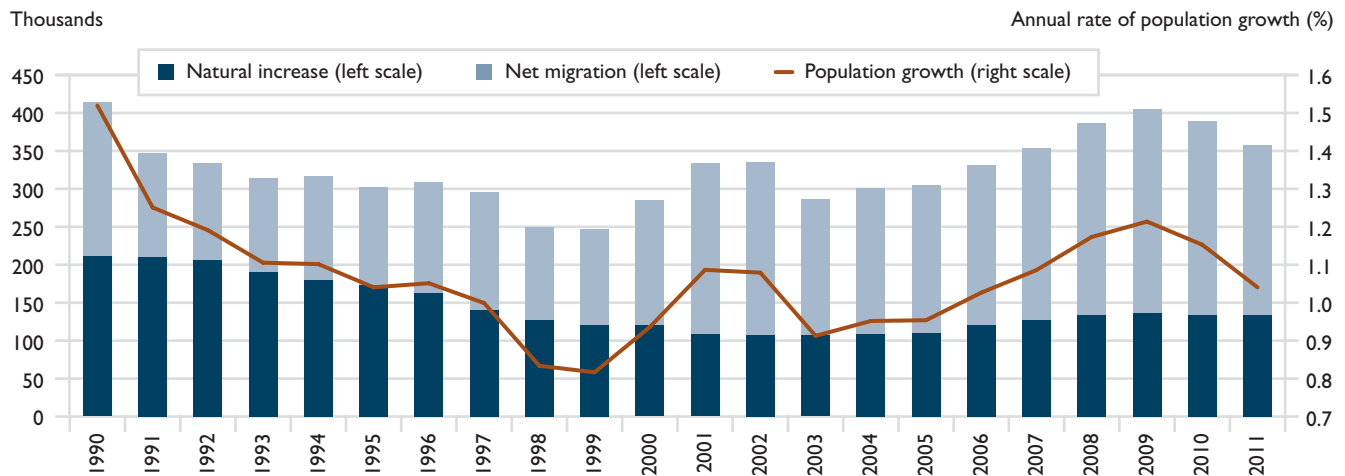
ongoing requirement for expansion of the housing stock; hence, as discussed below, housing construction has historically been closely linked to underlying rates of household and population growth.

In 2011, Canada's population grew 1.0%, down from 1.2% in each of the previous three years, the strongest growth since the early 1990s (*see Figure 4-5*).<sup>9</sup> The slower growth in 2011 reflected lower immigration, increasing deaths, and moderation in the growth of non-permanent residents.<sup>10</sup>

Annual population growth in Canada for the decade from 2001 to 2011 stood at 1.1%, compared to 1.0% in the previous decade. Even with the decline in landings<sup>11</sup> in 2011, immigration reached 259,000, one of the largest annual intakes of the last 40 years. In the first decade of this century, total immigration was higher than in any decade of the twentieth century. The contribution of net

FIGURE 4-5

#### Components of population growth, Canada, 1990-2011



Data are for the 12-month period ending on June 30 of stated year.

Natural increase is the difference between births and deaths.

Net migration is the difference between population growth and natural increase.

Source: CMHC, adapted from Statistics Canada (CANSIM)

<sup>8</sup> Ontario's unemployment rate was below the national average every year from 1976 to 2005 and equal to the national rate in 2006.

<sup>9</sup> Growth rates in this section are calculated from mid-year (July 1) estimates. Annual estimates of births, deaths, and migration refer to the twelve-month periods preceding mid-year.

<sup>10</sup> Non-permanent residents are people who are lawfully in Canada on a temporary basis. They include foreign workers, foreign students, refugee claimants, and members of their families.

<sup>11</sup> A landed immigrant is a person who has been granted the right to live in Canada permanently by immigration authorities.

international migration to Canada's population growth has grown, from a share of around 40% twenty years ago to nearly two-thirds today.

Though nudged upward by higher births in recent years, natural increase, the other component of population growth, declined by almost half during the 1990s, a consequence of Canada's aging population. During the 1990s, the passage of baby boomers into middle age was marked by declining births and rising deaths. With natural increase expected to decline further as baby boomers age, the portion of Canada's population growth attributable to immigration is likely to continue rising.<sup>12</sup>

### Population growth slows in Ontario, but remains strong in Alberta and British Columbia

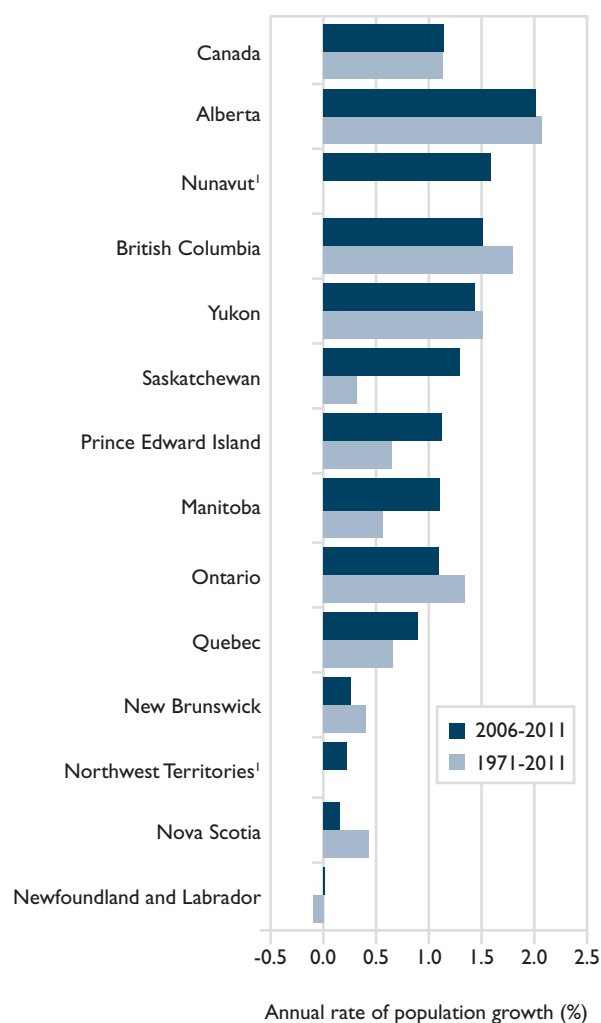
Population growth across Canada has been uneven for decades. From 1971 through 2011, the national population increased 57%.<sup>13</sup> Just three provinces—Alberta (127%), British Columbia (104%), and Ontario (70%)—and one territory—Yukon (83%)—grew faster than Canada as a whole.<sup>14</sup> In contrast, Newfoundland and Labrador's population fell 4% during this period, and Saskatchewan's increased 14%.

Growth from 2006 to 2011 differed to a degree from these long-run patterns. While Alberta and British Columbia remained the two fastest-growing provinces (see Figure 4-6), Ontario's growth slipped below the national average, the first such occurrence since the late 1970s. The slowdown occurred in conjunction with above-average unemployment (see Figure 4-4).

Elsewhere, Newfoundland and Labrador's very slight population gain from 2006 to 2011 was its first increase between census years since the late 1980s. In Saskatchewan, above-average population growth from 2006 to 2011 was

FIGURE 4-6

#### Annual rate of population growth, Canada, provinces, and territories, 1971-2011



Provinces and territories ranked by growth from 2006 to 2011.

All growth rates are derived from mid-year (July 1) population estimates.

<sup>1</sup> No estimates available for years prior to 1991.

Source: CMHC, adapted from Statistics Canada (CANSIM)

<sup>12</sup> Based on a medium growth scenario, Statistics Canada expects natural increase to shrink in coming decades. *Population Projections for Canada, Provinces and Territories 2009 to 2036*, Statistics Canada Catalogue no. 91-520-X. Ottawa: Statistics Canada, 2010, pp. 43-44 and 95. [www.statcan.gc.ca/pub/91-520-x/91-520-x2010001-eng.pdf](http://www.statcan.gc.ca/pub/91-520-x/91-520-x2010001-eng.pdf) (February 11, 2011).

<sup>13</sup> All growth rates in this section are derived from mid-year (July 1) population estimates.

<sup>14</sup> Historical estimates for Northwest Territories and Nunavut extend only as far back as 1991. The combined population of Northwest Territories and Nunavut increased 112% from 1971 to 2011.

## Urban and rural definitions

The review presented here of urban and rural growth patterns is founded on various concepts derived from census definitions.

**Census Metropolitan Area - CMA** – an urban area with a total population of at least 100,000 and an urban core population of at least 50,000.

**Mid-sized centre (Census Agglomeration - CA)** – urban areas that are not CMAs and have urban core populations of at least 10,000.

**Small town or rural area** – an area that is not part of a CMA or a CA.

the strongest recorded by the province in the past four decades, more than reversing a decade of decline from 1996 to 2006. Manitoba also saw much stronger population growth than in previous decades. The improving demographic fortunes of these provinces coincided with relatively low or, in the case of Newfoundland and Labrador, declining unemployment rates (*see Figure 4-4*) and rising residential construction.

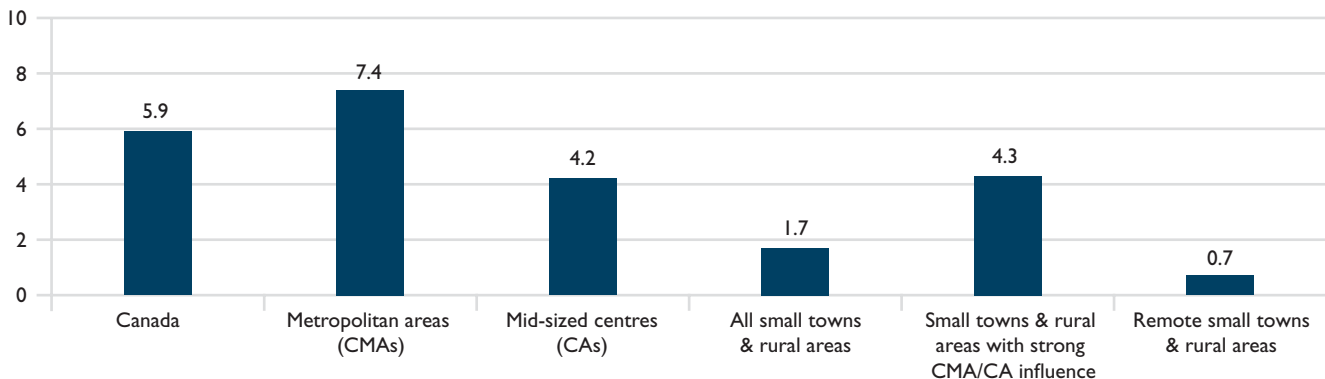
## Population growth remains concentrated in Census Metropolitan Areas<sup>15</sup>

Canada is increasingly urban (*see text box Urban and rural definitions*). From 2006 to 2011, the population living in CMAs increased 7.4%, above the 5.9% growth of the national population (*see Figure 4-7*). Comparable 2001-2006

FIGURE 4-7

### Population growth by type of urban area, Canada, 2006-2011

Total population growth 2006-2011 (%)



Growth rates are based on 2011 municipal, Census Metropolitan Area (CMA), and Census Agglomeration (CA) boundaries. Mid-sized centres are CAs. CMAs have urban core populations of 50,000 or more and total populations of 100,000 or more. CAs have urban core populations of 10,000 or more. Small towns and rural areas are places that are not part of a CMA or CA. Statistics Canada measures the degree of CMA and CA influence on small towns and rural areas based on commuting flows.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

<sup>15</sup> Much of the detail in the review of urban growth patterns presented in this section is based on the account in *The Canadian Population in 2011: Population Counts and Growth*, Statistics Canada Catalogue no. 98-310-X2011001. Ottawa: Statistics Canada, 2012, pp. 11-13 and 16-17. The 2011 census data referenced in this and the next section differ from the official population estimates discussed previously. The official estimates are adjusted by Statistics Canada for people not counted by the Census.



growth figures were 6.9% for CMAs and 5.4% for Canada. From mid-year 2006 through mid-year 2011, CMAs accounted for 73% of all housing completions in Canada.

CMAs accounted for 85% of population growth in Canada from 2006 to 2011 and 86% from 2001 to 2006. The largest communities dominate this growth. Toronto, Montréal, and Vancouver alone accounted for 46% of the total population change in Canada from 2006 to 2011, and the 10 largest CMAs<sup>16</sup> accounted for 73%.

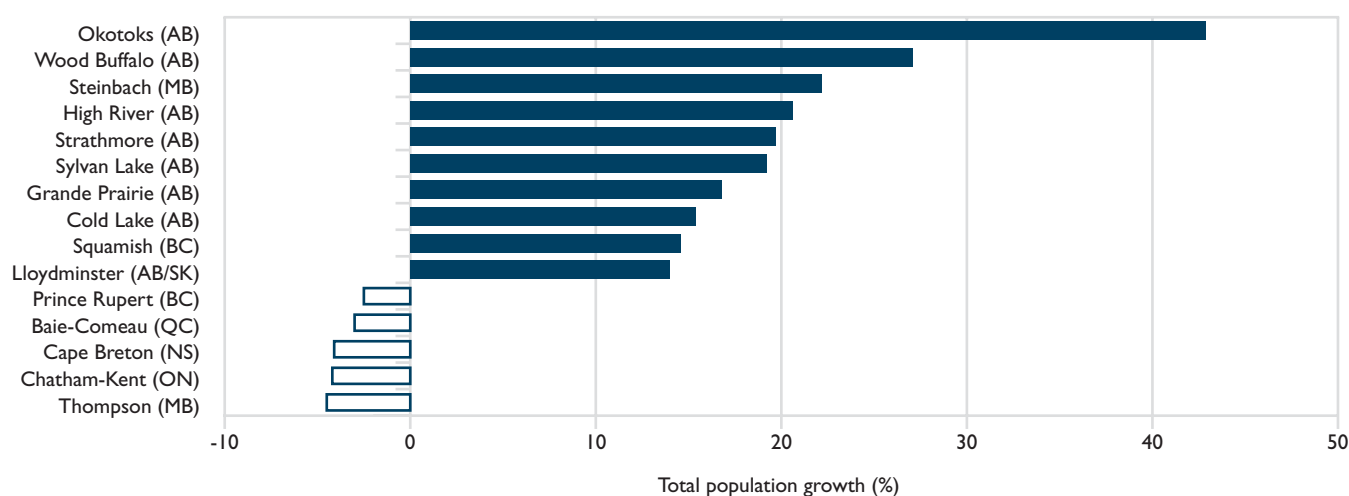
The 4.2% collective growth of mid-sized communities (Census Agglomerations) lagged behind that of CMAs (see Figure 4-7). At 1.7%, the growth of small towns and rural areas was slower still. Proximity to larger communities is a factor in the growth of small towns and rural areas. From 2006 to 2011, the population of

places close to and influenced by CMAs or mid-sized centres increased 4.3%, slightly slower than from 2001 to 2006.<sup>17</sup> Areas that were remote from CMAs or mid-sized centres grew only 0.7%.<sup>18</sup>

Though slower than that of CMAs overall, growth of mid-sized centres ranged widely. Between 2006 and 2011, communities with declining populations were predominantly located in provinces east of Manitoba. Many of these communities had economies linked to extraction and processing of natural resources—industries such as forestry, pulp and paper, mining, and fishing. In contrast, eight of the ten fastest-growing mid-sized communities were in Alberta (see Figure 4-8), the fastest-growing province during the period.

FIGURE 4-8

### Population growth, selected mid-sized centres,<sup>1</sup> 2006-2011



<sup>1</sup> The figure shows the ten fastest-growing and five slowest-growing (declining) Census Agglomerations (CAs). CAs have urban core populations of 10,000 or more but are not large enough to qualify as Census Metropolitan Areas.

Source: Statistics Canada (Census of Canada)

<sup>16</sup> Based on Statistics Canada's official population estimates, not census counts, the ten largest CMAs in 2011, in order, were Toronto, Montréal, Vancouver, Calgary, Ottawa-Gatineau, Edmonton, Winnipeg, Québec, Hamilton, and Kitchener-Cambridge-Waterloo.

<sup>17</sup> These are zones classified by Statistics Canada, based on commuting flows, as being strongly influenced by a Census Metropolitan Area or Census Agglomeration.

<sup>18</sup> These are zones classified by Statistics Canada, based on commuting flows, either as not influenced by a Census Metropolitan Area or Census Agglomeration or weakly or moderately influenced.

These figures attest to the diversity of growth in different parts of Canada.<sup>19</sup> On one hand, robust population growth, often in urban areas, generates demand for new housing and expansion of public services, such as schools, sanitation, transportation infrastructure, and public transit. On the other, stagnant or declining populations, often in rural areas or small towns, imply limited household formation, hence limited demand for new housing. These populations are typically older than in growing communities because declining local economies tend to be associated with out-migration, especially of young people. Slower growth or depopulation of rural areas creates challenges in maintaining services in support of widely dispersed aging populations.

### Household formation drives housing construction

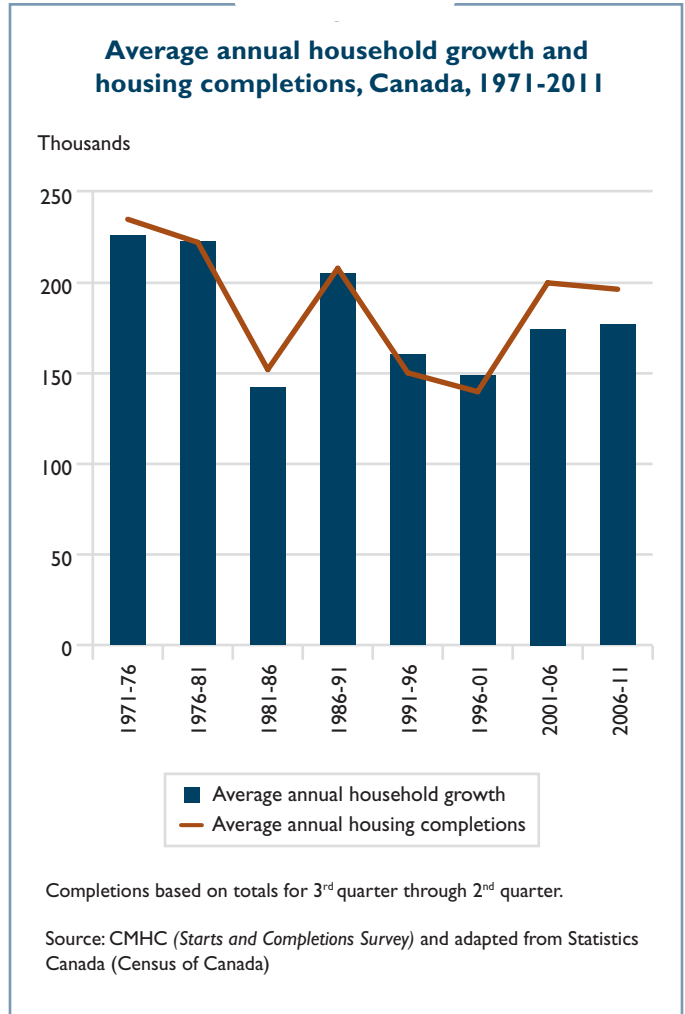
The strength and age make-up of population growth to a large degree determine the requirement for new housing. More population means more households, and households cannot form if there is no housing available at prices they can afford.<sup>20</sup>

Accordingly, the rate of household growth tends to parallel housing construction (see Figure 4-9). Between 1971 and 2011, the total growth in households (7.3 million) in Canada was very close to the number of housing completions (7.5 million).<sup>21</sup>

During the 1970s, much of the postwar baby boom generation left home to form households. This exodus contributed to the highest rates of household formation and residential construction of the past four decades.

Over the next two decades, household formation and residential construction continued to move in sync, both ultimately following downward trajectories. Fewer young adults were entering the housing market, and population growth was generally slower than during the 1970s.

FIGURE 4-9



### Household growth accelerates

Household growth was stronger from 2001 to 2011 than in the previous decade. After averaging 154,000 from 1991 to 2001, annual household formation rose to 175,000 between 2001 and 2006 and 177,000 between 2006 and 2011. The acceleration occurred in conjunction with the moderate rise in population growth described earlier.

<sup>19</sup> Though CMAs are growing faster as a group than other parts of Canada, the growth rates of individual CMAs are highly uneven. See *Canadian Housing Observer 2011*. Ottawa: Canada Mortgage and Housing Corporation, 2011, p. 64.

<sup>20</sup> In the short-term, households can occupy vacant stock, but for household formation to continue over the long-term, the housing stock must grow.

<sup>21</sup> Household growth figures refer to the periods between censuses, which usually take place in late May or early June. To match the census reference dates as closely as possible, housing completions data are for periods beginning on July 1 and ending on June 30. Varying population coverage across censuses can affect household growth estimates. Coverage studies for the 2011 Census and *National Household Survey* were not available at the time of writing.

Housing construction rose more than household formation. The number of homes built in Canada from 2001 to 2011 exceeded the net increase in households by about 225,000, reversing the pattern of the 1990s when construction lagged behind household formation.

Ongoing replacement of housing units that are lost through fire, demolition, abandonment, or conversion to other uses is one reason housing completions can exceed household formation. Another possible contributor to the excess of housing construction over household growth is a rise in the number of homes not used as primary residences, either because vacancies increased or because the number of secondary residences increased. At any moment, the housing stock comprises principal residences, secondary residences, and vacant (unoccupied) dwellings. The number of households equals the number of principal residences.

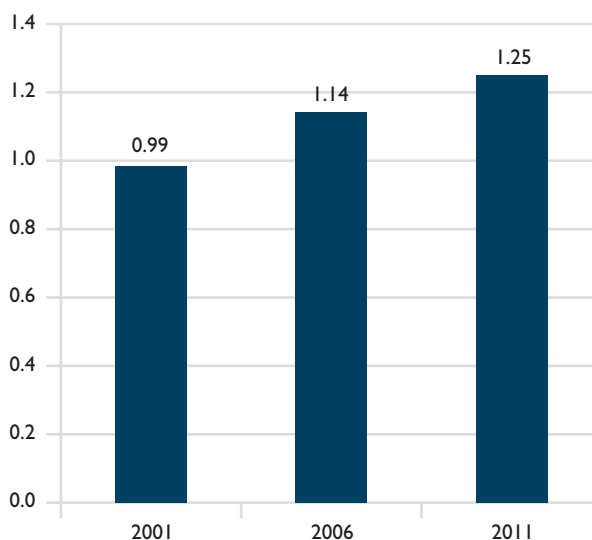
Vacant and secondary residences appear to have risen in recent years. From 2001 to 2011, the number of dwelling units in Canada not occupied by usual residents increased by about 250,000, an amount that roughly matches the excess of housing completions over household growth during the period (*see Figure 4-10*).

Available evidence on second homes is consistent with the upward trend in residences not occupied by usual residents.<sup>22</sup> In 2005, about 1.1 million households in Canada owned second homes, vacation homes, or cottages, approximately 200,000 more than in 1999.<sup>23</sup> Roughly three-quarters of these homes were in Canada.

FIGURE 4-10

### Dwelling stock not occupied by usual residents, Canada, 2001, 2006 and 2011

Number of dwellings not occupied by usual residents (millions)



Source: CMHC, adapted from Statistics Canada (Census of Canada)

### Moncton leads in household growth, while growth slows in most Ontario centres

To a large degree, differences in household growth across cities and over time can be traced back to variation in population growth.<sup>24</sup> In turn, population growth is influenced by the performance of the labour market.<sup>25</sup>

<sup>22</sup> Estimates of the number of resident Canadian households owning second homes, vacation homes, and cottages come from the 1999 and 2005 *Survey of Financial Security (SFS)*. The SFS is an occasional (irregular) survey conducted by Statistics Canada. Small sample sizes, especially in the case of the 2005 SFS, limit the precision of estimates. More recent estimates are not available. Nor are estimates of the number of vacation homes and cottages in Canada owned by foreign residents.

<sup>23</sup> *Canadian Housing Observer 2007*. Ottawa: Canada Mortgage and Housing Corporation, 2007, pp. 30-31.

<sup>24</sup> To be precise, it is the growth of the adult population that influences household formation. For the analysis presented here, the total population was used for two reasons. First, age detail from the 2011 Census was unavailable at the time. Second and more important, growth should be measured using constant CMA boundaries. From the last four censuses, Statistics Canada has released population totals and household counts adjusted for boundary changes, most recently on February 8, 2012.

<sup>25</sup> Migrants may also be drawn to cities for reasons other than job prospects, for example, to destinations that are attractive to retirees or to immigrants. Among immigrants, the presence of family or friends is an important influence. In 2001, 87% of immigrants reported having friends and/or relatives in Canada at the time they landed. Of those with family already in Canada, 88% lived in the same city as their relatives. *Longitudinal Survey of Immigrants to Canada: A Portrait of Early Settlement Experiences*, Statistics Canada Catalogue no. 89-614-XIE. Ottawa: Statistics Canada, 2005, pp. 19-21. [www.statcan.gc.ca/pub/89-614-x/89-614-x2005001-eng.pdf](http://www.statcan.gc.ca/pub/89-614-x/89-614-x2005001-eng.pdf) (February 24, 2011).

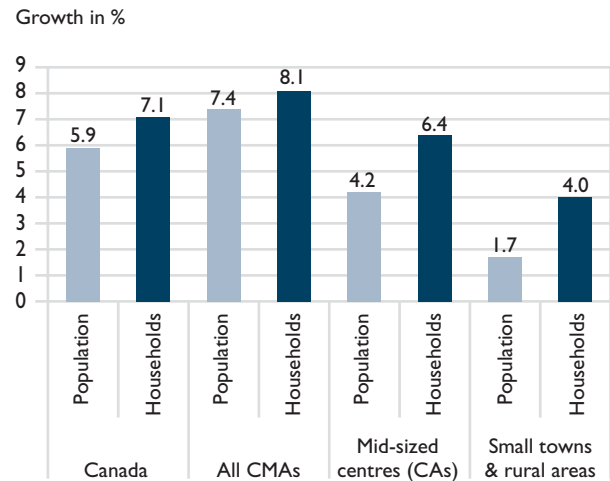
Strong employment markets lure migrants with job offers or the prospect of jobs. Jobs provide the means to allow individuals and families who wish to do so to live independently.

As was the case with populations, households grew faster from 2006 to 2011 in CMAs (8.1%) than in mid-sized centres (6.4%) or small towns and rural areas (4.0%) (see Figure 4-11). CMAs that had stronger household growth from 2006 to 2011 than in the previous five years typically also saw population growth accelerate (see Figure 4-12). Similarly, markets in which population growth slowed generally witnessed slower household growth.

From 2006 to 2011, Moncton had the highest rate of household growth of any CMA (see Figure 4-13). St. John's and Québec were the only other CMAs east of Ontario with growth above the CMA average. Population growth in all three of these centres was faster than in the previous five years.

FIGURE 4-11

### Population and household growth by type of urban area, Canada, 2006-2011

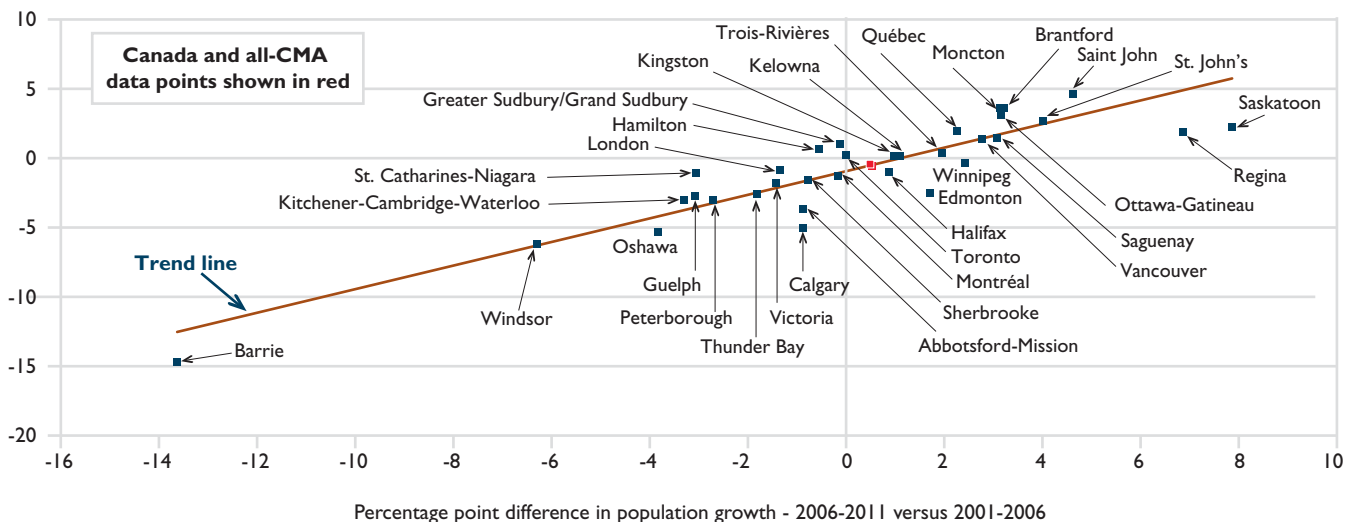


Source: CMHC, adapted from Statistics Canada (Census of Canada)

FIGURE 4-12

### Changes from 2001-2006 to 2006-2011 in population and household growth rates, Canada and CMAs

Percentage point difference in household growth - 2006-2011 versus 2001-2006

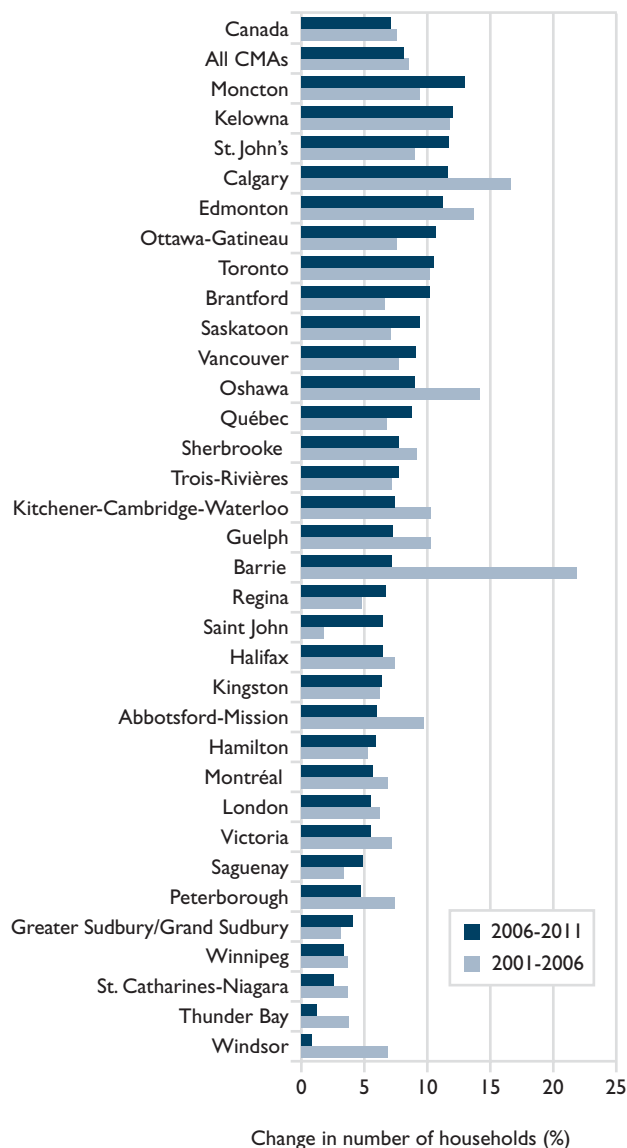


Axes give the difference in percentage points between growth from 2006 to 2011 and from 2001 to 2006. Positive values indicate faster growth in the more recent period.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

FIGURE 4-13

### Household growth, Canada and CMAs, 2001-2006 and 2006-2011



CMAs ranked by rate of household growth in 2006-2011.  
 Growth from 2006-2011 determined using 2011 CMA boundaries.  
 Growth from 2001-2006 determined using 2006 CMA boundaries.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

The majority of the CMAs with stronger-than-average net household formation from 2006 to 2011 were also among the leaders from 2001 to 2006. For example, Calgary, Edmonton, and Kelowna were in the top five CMAs from 1996 to 2001, from 2001 to 2006, and from 2006 to 2011.

Five CMAs that were not among the leaders from 2001 to 2006 had better-than-average household growth from 2006 to 2011—Québec, Ottawa-Gatineau, Brantford, Saskatoon, and Vancouver. In all five, household formation and population growth accelerated. As noted earlier, Saskatchewan's population grew faster from 2006 to 2011 than at any other time in the past 40 years, and its unemployment rate in 2011 was the lowest of any province or territory.

In keeping with Ontario's slowing population growth (see Figure 4-6) and relatively high unemployment (see Figure 4-4), most Ontario CMAs had below-average rates of household formation from 2006 to 2011. Four out of the five CMAs with the slowest household growth from 2006 to 2011 were in Ontario—Windsor, Thunder Bay, St. Catharines-Niagara, and Greater Sudbury/Grand Sudbury.

### CMAs with high household growth have high rates of housing construction

CMAs with comparatively strong rates of household formation account for a disproportionately large share of housing completions in Canada. In such centres, the number of homes built per capita is typically many times higher than in slow-growing markets.

From 2006 to 2011, the five CMAs with the highest rates of household growth had the highest rates of housing completions per capita. With the second highest rate of household growth during the period, Kelowna had the highest per capita completions, followed by Calgary, Edmonton, Moncton, and St. John's (see Figure 4-14).<sup>26</sup>

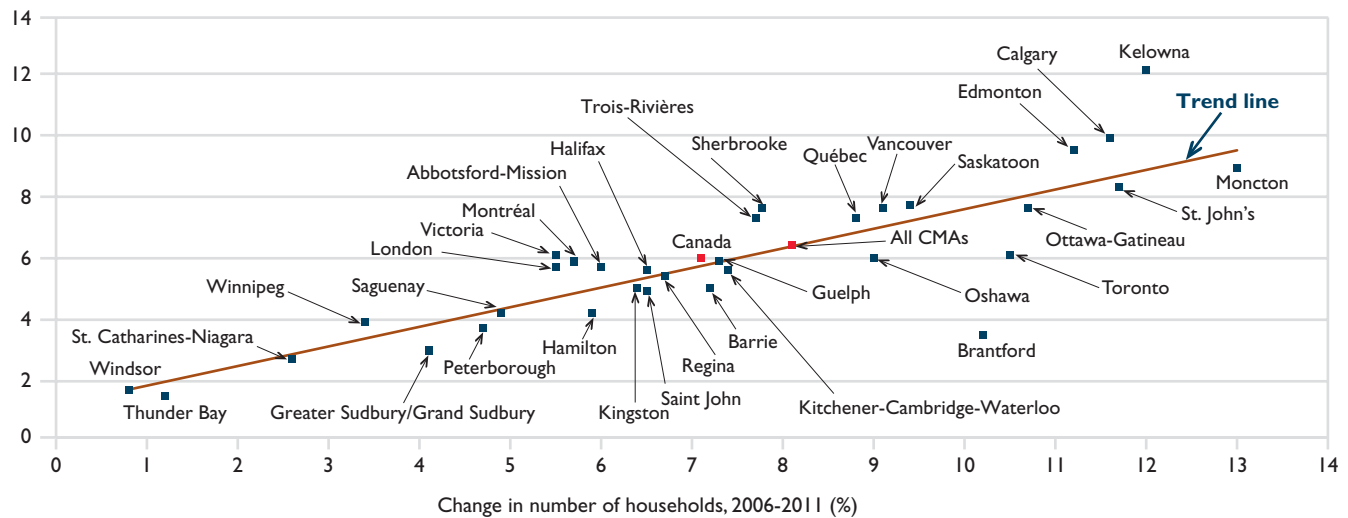
<sup>26</sup> As with the preceding discussion of household growth, analysis presented here on the relationship between construction levels and demographic influences is based on census population and household estimates adjusted for boundary changes.



FIGURE 4-14

**Housing completions and household growth, Canada and CMAs, 2006-2011**

Average annual housing completions per 1,000 population, 2006-2011



Per capita completions based on average of 2006 and 2011 census population counts.

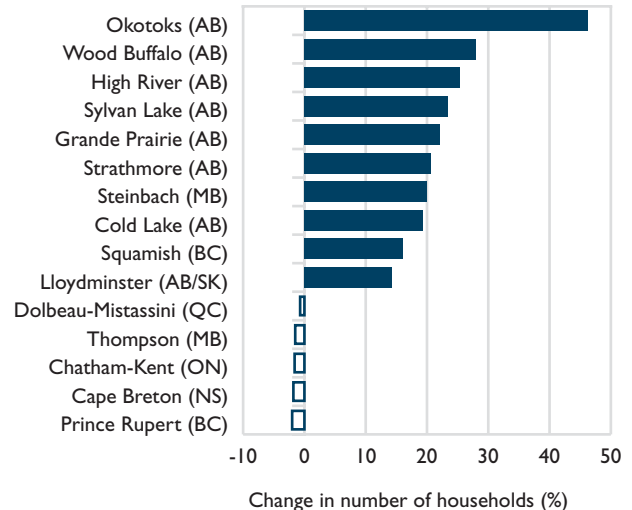
Source: CMHC (*Starts and Completions Survey*) and adapted from Statistics Canada (*Census of Canada*)

In contrast, CMAs with minimal household growth had per capita rates of housing construction that were as little as one-sixth the rates in high-growth centres. Thunder Bay and Windsor, two CMAs with declining populations, had the lowest number of homes built per capita of any CMA. The bottom six CMAs for housing construction on a per capita basis were all in Ontario.

### Household formation and housing construction are strong in many mid-sized centres, especially in Alberta

Rates of household growth range even more widely across mid-sized centres than metropolitan areas. From 2006 to 2011, eight out of the ten mid-sized centres with the fastest household growth were in Alberta (see Figure 4-15). All had high rates of residential construction. The strongest household growth occurred in Okotoks and Wood Buffalo, the leaders in population growth during the period (see Figure 4-8). At the other end of the spectrum, the number of households fell in Cape Breton (Nova Scotia), Dolbeau-Mistassini (Quebec), Chatham-Kent (Ontario), Thompson (Manitoba), and Prince Rupert (British Columbia), mid-sized centres with declining populations.

FIGURE 4-15

**Household growth, selected mid-sized centres,<sup>1</sup> 2006-2011**

<sup>1</sup> The figure shows the ten fastest-growing and five slowest-growing Census Agglomerations (CAs). CAs have urban core populations of 10,000 or more but are not large enough to qualify as Census Metropolitan Areas.

Source: Statistics Canada (*Census of Canada*)

# Chapter 5

## Recent Trends in Housing Affordability and Core Housing Need



### Fast Facts

- The incidence of urban core housing need in 2009 was 13.5%, up from 12.3% in 2007. This is consistent with economic conditions in Canada during this time period. Ontario and British Columbia accounted for about 88% of the 164,000 increase in the number of households in core housing need between 2007 and 2009.
- Median depth of housing need for urban households in core housing need increased from \$1,910 in 2007 to \$2,270 in 2009 (expressed in 2009 constant dollars).
- The incidence of urban core housing need for non-senior men living alone in 2009 was 23.4%, up from 18.5% in 2007. Between 2007 and 2009, non-senior men accounted for the largest share (39%) of the growth in urban core housing need and couples with children accounted for the next largest share (26%).
- The incidence of urban core housing need in 2009 for lone-parent households was 32.9%, a decline from 41.2% in 2002.
- In 2009, 80.4% of urban households in core housing need were in the lowest-income quintile; 61.4% were renters and 19.0% were homeowners.
- In 2009, 60.5% of urban renters in the lowest-income quintile were in core housing need compared to 40.4% of lowest-income homeowners.

In Canada, most households are able to satisfy their housing requirements through the housing market. However, there are some households whose housing needs are not being met in the market place. Information on housing conditions in Canada and the characteristics of those in housing need is used by all levels of government and the non-profit sector to inform their policies, programs, plans and activities, in order to improve housing outcomes for those in need (*see text box Federal government investments in affordable housing*).

This chapter examines trends in urban<sup>1</sup> housing conditions based on data from the *Survey of Labour and Income Dynamics (SLID)* from 2002 to 2009. Information about SLID and key definitions is available at the end of the chapter (*see text boxes, Acceptable housing and core housing need and Survey of Labour and Income Dynamics*).

## Federal government investments in affordable housing

Since 2001, the Government of Canada has been investing in affordable housing through the Affordable Housing Initiative (AHI) and, more recently, through the Investment in Affordable Housing (IAH) 2011-2014. The Government of Canada has also invested in affordable housing through Canada's Economic Action Plan and continues to provide assistance for low-income households living in existing social housing.

### Investment in Affordable Housing (2011-2014)

In July 2011, a Framework for the Investment in Affordable Housing (IAH) 2011-2014 was jointly announced by federal, provincial and territorial ministers responsible for housing for a combined total investment over the three years of \$1.4 billion toward reducing the number of Canadians in housing need. The federal portion of this funding is some \$716 million over three years.

The Framework recognizes the diversity of housing needs of Canadians and that a range of housing solutions—from existing programs to new approaches—is the most effective in meeting local needs and priorities. Under this Framework, provinces and territories cost-match the federal investment and have responsibility for the design and delivery of affordable housing programs in order to address their own specific housing needs and priorities in their jurisdictions. New housing must remain affordable for a minimum of 10 years. Initiatives under the Framework may include new construction, renovation, homeownership assistance, rent supplements, shelter allowances, and accommodations for victims of family violence.

### Affordable Housing Initiative (2001-2011)

Under the Affordable Housing Initiative (AHI), the federal government, through CMHC, provided one-time capital contributions to increase the supply of affordable housing in partnership with provinces and territories. AHI funding was allocated in three phases with the first allocation in 2001 at \$680 million (Phase One), the second allocation in 2003 at \$320 million (Phase Two), and the third allocation in 2009 at \$250 million over two years. Under Phase One, the average amount of federal funding could not exceed \$25,000 per housing unit. Phase Two provided additional funding for housing targeted to low-income households in communities where there was a significant need for affordable housing. Under Phase Two, the maximum federal funding was 50% of capital costs to a maximum of \$75,000 per housing unit to reduce rent to affordable levels for low-income households. To be considered low-income, a household must have qualified to be on a social

<sup>1</sup> Urban households are households living in Census Metropolitan Areas (CMAs) and Census Agglomerations (CAs).

## Federal government investments in affordable housing (continued)

housing waiting list. In 2009, AHI was extended for another two years through to March 31, 2011. Provinces and territories cost-matched the federal investment and were responsible for the design and delivery of affordable housing programs. The bilateral agreements between CMHC and the provinces and territories required that the rental units created under AHI would be available at or below median market rent, and remain affordable for a minimum of 10 years. Since the introduction in 2001 of the Affordable Housing Initiative, 51,843 units have been funded.<sup>1</sup>

### Renovation Programs

For more than 30 years, the federal government has helped preserve and improve the quality of affordable housing for low-income Canadians through investments in renovation programs. Funding has supported needed repairs and accessibility modifications to existing private and rental housing occupied by households in core need. In 2011, some 5,715 households benefited from renovation program assistance. Funding previously provided under the renovation programs and the Affordable Housing Initiative (AHI) has been combined under the Investment in Affordable Housing (IAH). Most provinces and territories have entered into bilateral agreements with CMHC for the IAH. CMHC continues to deliver renovation programs in Prince Edward Island and Yukon, where the existing delivery arrangements were extended.

### Canada's Economic Action Plan (CEAP)

In 2009, the federal government announced Canada's Economic Action Plan (CEAP). CEAP provided a one-time investment of more than \$2 billion over two years to build new and renovate existing social housing benefiting, among others, single-parent families and seniors. This funding included the following allocations:

- \$1 billion to support much needed repairs to social housing (\$850 million cost-matched and delivered by provinces and territories, and \$150 million for existing social housing administered by CMHC);
- \$600 million for new housing and repairs to existing housing on-reserve and in the North (\$400 million for on-reserve and \$200 million for the North);
- \$400 million to build more housing for low-income seniors (cost-matched and delivered by provinces and territories); and
- \$75 million for new housing for people with disabilities (cost-matched and delivered by provinces and territories).

These investments resulted in approximately 13,000 social housing construction or renovation projects. Most of this funding was cost-matched and delivered by provinces and territories under agreements with CMHC.

### Social Housing

The federal government, through Canada Mortgage and Housing Corporation, invests about \$1.7 billion annually in support of an estimated 605,000 low-income households living in existing social housing across Canada. This funding helps ensure that these households have access to affordable, sound and suitable housing.

<sup>1</sup> 2011 Annual Report, Ottawa: Canada Mortgage and Housing Corporation, 2012.

## Urban core housing need increased and deepened between 2007 and 2009

In 2009, about 86.5% (about 9.2 million) of Canada's 10.7 million urban households either lived in, or had sufficient income to access, acceptable housing. This

included about 7.1 million households (67.1%) living in acceptable housing and about 2.1 million households (19.4%) which, although living in housing below one or more standards, could have obtained acceptable housing in their local housing markets at a cost of less than 30% of their before-tax household income (*see Figure 5-1*).

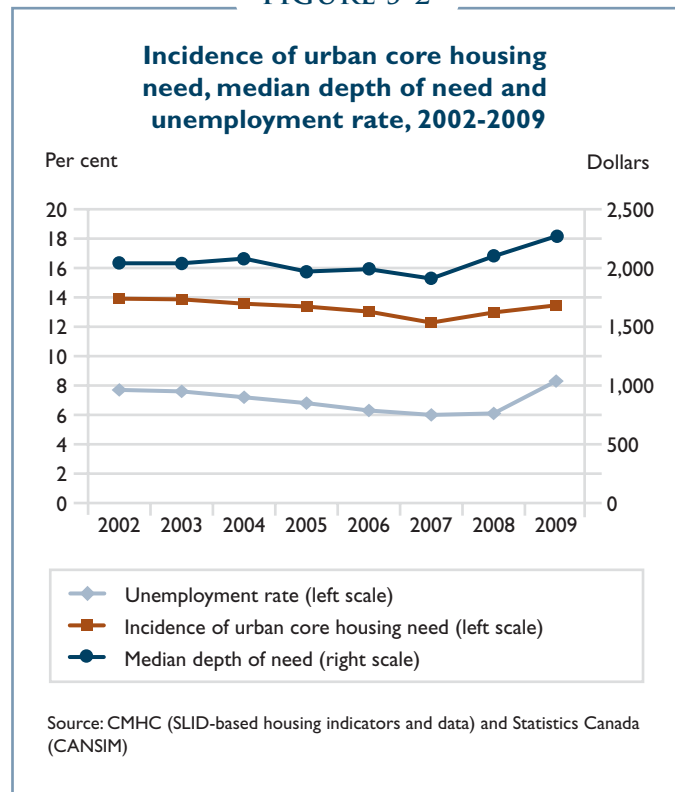
FIGURE 5-1

FIGURE 5-1

Urban housing conditions								
	2002	2003	2004	2005	2006	2007	2008	2009
Number of urban households (in millions)	9.4	9.5	9.6	10.0	10.2	10.4	10.6	10.7
Number of individuals in urban households (in millions)	24.0	24.1	24.3	25.1	25.4	25.8	26.2	26.3
a) Housing conditions of urban households								
Percentage of urban households in acceptable housing (meets all standards)	69.7	69.8	70.0	68.3	67.7	67.5	67.0	67.1
Percentage of urban households in housing below one or more standards, but could afford acceptable housing	16.4	16.3	16.4	18.3	19.3	20.2	20.0	19.4
Percentage of urban households in core housing need (i.e. below one or more standards and unable to access acceptable housing)	13.9	13.9	13.6	13.4	13.0	12.3	13.0	13.5
Average depth ratio (%)	27.8	28.0	28.2	27.5	27.0	26.1	27.6	28.2
Median depth of housing need for households in core housing need (2009 constant dollars)	2,040	2,040	2,080	1,970	1,990	1,910	2,100	2,270
b) Housing conditions of urban individuals								
Persistence of core housing need over three-year periods				2002-2004		2005-2007		
Percentage of individuals never in core housing need during the three-year period				84.6		85.6		
Percentage of individuals occasionally (one or two years) in core housing need during the three-year period				10.8		10.5		
Percentage of individuals persistently in core housing need all three years				4.6		3.9		
Year-to-year movements of individuals into or out of core housing need				Average over pairs of years (2002-2003, 2003-2004, 2005-2006, 2005-2007)				
Average percentage of individuals who were not in core housing need in both years				87.6				
Average percentage of individuals who were in core housing need in both years				5.9				
Average percentage of individuals exiting core housing need from one year to the next				3.4				
Average percentage of individuals entering core housing need from one year to the next				3.1				
All figures are rounded. For key definitions, see text boxes at the end of the chapter.  Source: CMHC (SLID-based housing indicators and data)								

The incidence of core housing need for urban households increased from 12.3% in 2007 (before the beginning of the 2008-09 economic downturn) to 13.5% in 2009 (see *Figure 5-2*). This is consistent with economic conditions in Canada during this time period.<sup>2</sup> In 2009, about 1.4 million urban households in Canada lived in core housing need, an increase of about 164,000 households over 2007. Ontario and British Columbia accounted for about 88% of this increase (53% and 35%, respectively).<sup>3</sup> Urban households in core housing need experienced more severe need during the same time period; median depth increased from \$1,910 in 2007 to \$2,270 in 2009 (in 2009 constant dollars).

FIGURE 5-2



### Most individuals who lived in core housing need did so temporarily

Looking at longitudinal results where the same individuals are followed over time, between 2005 and 2007, 3.9% of urban individuals were persistently in core housing need (i.e. they lived in households that were in core housing need for all three years); similarly, between 2002 and 2004, 4.6% of urban individuals were in persistent core housing need. These percentages represent slightly less than one-third of those who were ever (for at least one year) in core housing need during these three-year periods.

On average, about 3.4% of urban individuals exited, and about 3.1% entered, core housing need from one year to the next in the four 2-year periods examined between 2002 and 2007. Thus, for any given pair of years, about one-third of individuals exited core housing need and were replaced by new entrants, and two-thirds of individuals remained in core housing need for both years (see *Figures 5-1 and 5-3*).<sup>4</sup>

### Affordability continued to be the main reason for core housing need

All households in core housing need have failed at least one of three housing standards: suitability (crowding), adequacy (state of repair) and affordability. In 2009, 91.2% of urban households in core housing need were in need because they were unable to meet the housing affordability standard, either solely or in combination with the other two standards (see *Figure 5-4*). Only about 8.8% of core-need urban households were in need because they failed to meet the suitability and/or adequacy standards alone.

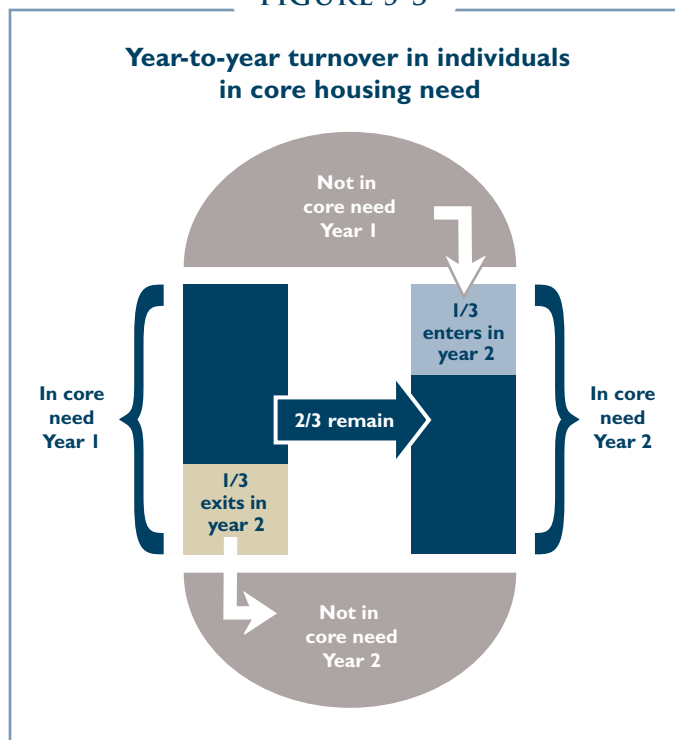
<sup>2</sup> See Chapter 4 Demographic and Socio-economic Influences on Housing Demand.

<sup>3</sup> In comparison, Ontario and British Columbia accounted for about 56% of the increase in all urban households between 2007 and 2009.

<sup>4</sup> For more information on these longitudinal results, see previous issues of the *Canadian Housing Observer* for 2008, 2010 and 2011. Longitudinal estimates are based on individuals and not households since households form, change and dissolve over time.



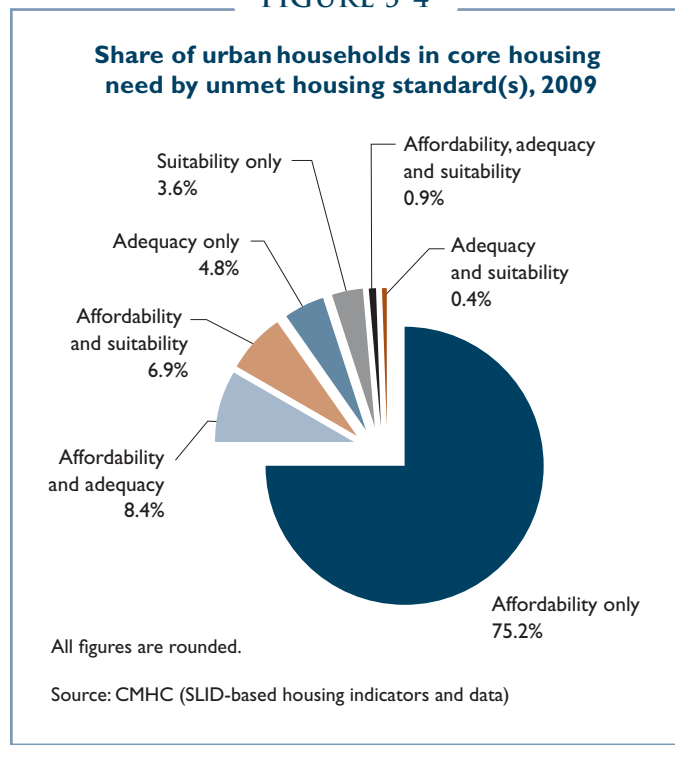
FIGURE 5-3



### Core housing need declined for lone-parent households between 2002 and 2009

Lone-parent households saw a decline in their incidence of core housing need between 2002 and 2009; from 41.2% to 32.9% (see Figures 5-5 and 5-6). However, their 2009 incidence of core housing need continued to be well above-average. In addition, the median depth of housing need for these households increased from \$2,820 in 2002 to \$3,170 in 2009 (in 2009 constant dollars). Individuals in lone-parent households had the highest rates of persistent core housing need for both the 2002-2004 and the 2005-2007 time periods. Movement into and out of core housing need was also higher than average for those in lone-parent households. Between 2002 and 2007, 6.3% of these individuals entered core housing need from one year to the next in the four 2-year periods examined between 2002 and 2007, and 7.9% exited.

FIGURE 5-4



### Core housing need increased for non-senior men living alone between 2007 and 2009

The incidence of core housing need for non-senior men living alone rose from 18.5% in 2007 to 23.4% in 2009 (see Figure 5-5). Non-senior men living alone accounted for the highest share (39%) of the 2007 to 2009 increase in the number of households in core housing need, although they accounted for only 16% of the increase in urban households as a whole during this same time period. There was no significant increase in the median depth of housing need for this group between 2007 and 2009.

FIGURE 5-5

**Urban housing conditions, by household type,  
2002-2009**

	Percentage of households in core housing need								Percentage of individuals in households persistently in core housing need all three years		Percentage of individuals in households who:	
											Entered core housing need	Exited core housing need
	2002	2003	2004	2005	2006	2007	2008	2009 <sup>1</sup>	2002-2004	2005-2007	Average over 2002-2007 <sup>2</sup>	Average over 2002-2007 <sup>2</sup>
<b>Canada</b>	<b>13.9</b>	<b>13.9</b>	<b>13.6</b>	<b>13.4</b>	<b>13.0</b>	<b>12.3</b>	<b>13.0</b>	<b>13.5<sup>B</sup></b>	<b>4.6</b>	<b>3.9</b>	<b>3.1</b>	<b>3.4</b>
Couples with children	8.6	7.9	8.2	7.7	7.7	7.0	8.8	8.7 <sup>D</sup>	3.1	2.9	2.0	2.6
Couples without children	5.2	5.3	5.0	5.2	4.7	4.1	4.6	4.2 <sup>D</sup>	1.6	1.6	1.1	1.5
Lone-parent households	41.2	42.0	37.9	32.9	33.1	36.0	32.9	32.9 <sup>C</sup>	24.3	19.4	6.3	7.9
Other one-family households	14.9	14.4	13.8	12.2	14.6	11.9	13.4	15.4 <sup>D</sup>	4.1	3.2	4.2	5.3
Households with at least one unrelated person <sup>3</sup>	11.5	11.4	11.4	11.5	12.8	11.5	11.1	9.8 <sup>E</sup>	F	F	3.0	F
One-person households	23.8	24.3	24.4	24.8	23.0	22.1	22.8	24.6 <sup>B</sup>	13.1	11.5	4.7	5.2
One-person: senior male	20.6	21.7	17.8	16.4	21.9	19.1	20.1	21.1 <sup>D</sup>	F	F	F	F
One-person: senior female	28.9	28.0	26.7	30.2	24.6	24.6	27.8	27.2 <sup>C</sup>	17.1	13.5	6.0	6.7
One-person: non-senior male	20.8	20.9	23.1	21.9	22.0	18.5	17.9	23.4 <sup>C</sup>	10.3	9.2	4.3	3.9
One-person: non-senior female	24.1	26.6	25.8	26.6	23.4	25.8	26.0	25.1 <sup>C</sup>	13.2	8.5	3.7	4.4

All figures are rounded.

<sup>1</sup> Letters indicate quality of 2009 estimates (see text box *Survey of Labour and Income Dynamics at the end of the chapter*).

<sup>2</sup> From one year to the next of a two-year period (2002-2003, 2003-2004, 2005-2006 and 2006-2007).

<sup>3</sup> For example, room-mate households, households with boarders, or two or more families sharing a dwelling.

F indicates an estimate that was too unreliable to be published.

Source: CMHC (SLID-based housing indicators and data)

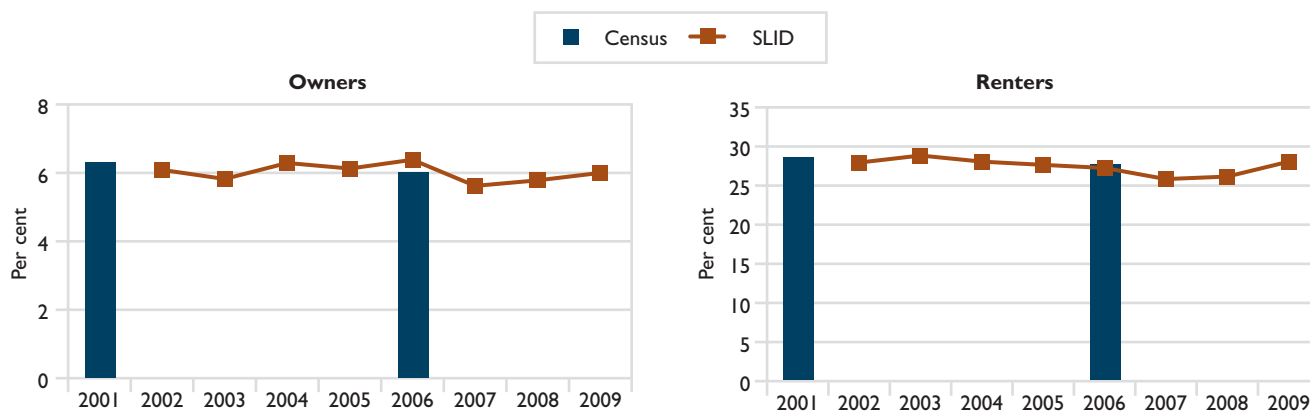
Couples with and without children had the lowest incidences of core housing need at 8.7% and 4.2%, respectively, in 2009. Neither group showed a significant increase in the incidence of core housing need between 2007 and 2009 or between 2002 and 2009. However, couples with children accounted for 26% of the increase in the number of urban households in core housing need between 2007 and 2009, compared to 9% of the growth in all urban households.

### Urban renters continued to experience a much higher incidence of core housing need than owners

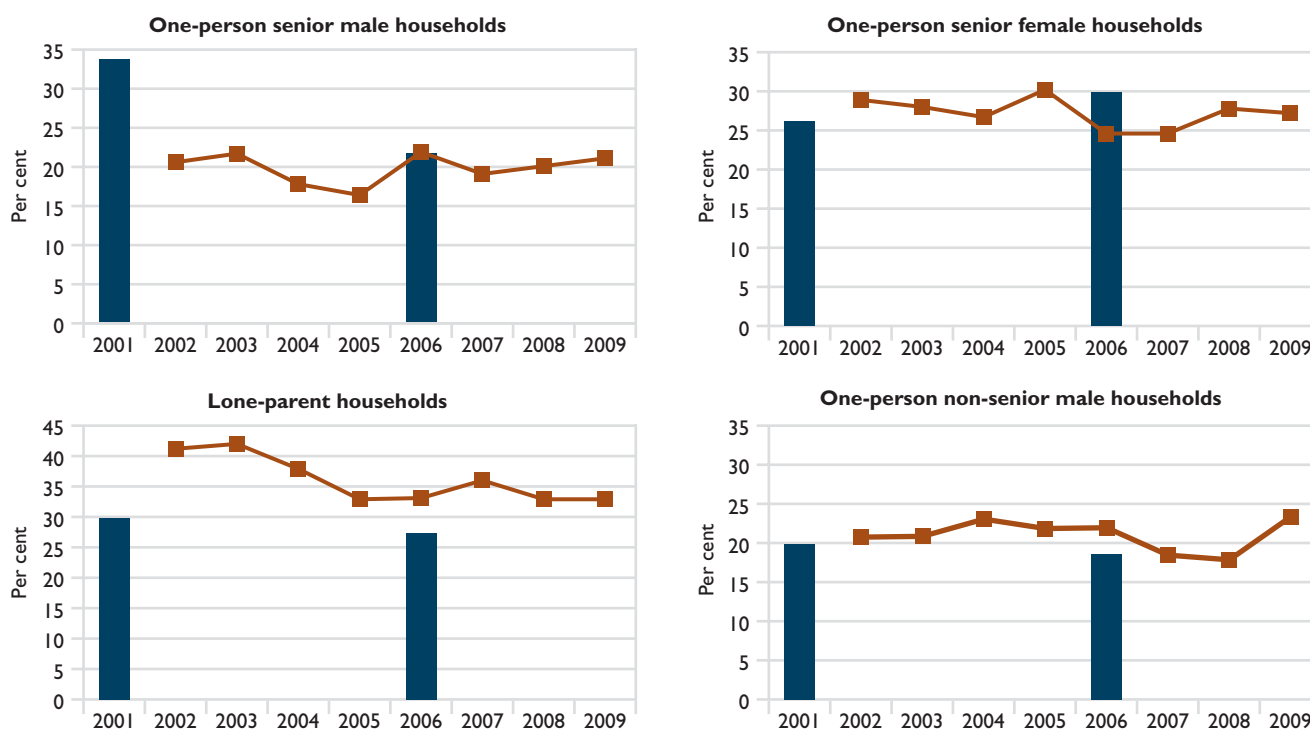
Urban households that rented continued to be more likely to be in core housing need than those that owned their housing. In 2009, 28.2% of renter households were in core housing need compared to 5.9% of owner households (see Figure 5-7).

FIGURE 5-6

**a) Incidence of urban core housing need based on Census and SLID, by tenure, 2001-2009**



**b) Incidence of urban core housing need based on Census and SLID, for selected household types, 2001-2009**



Source: (Census- and SLID-based housing indicators and data)

There was a similar renter-owner disparity for persistent core housing need; 14.0% of individuals in renter households were persistently in core housing need between 2005 and 2007, compared to 1.4% of those in owner households. Renters were more likely to move out of (and

also move into) core housing need. Between 2002 and 2007, an average of 8.0% of individuals in renter households exited core housing need, while 6.6% entered it. For owners, 1.7% of individuals exited core housing need and the same percentage entered it.

FIGURE 5-7

**Urban housing conditions, by tenure,  
2002-2009**

	Percentage of households in core housing need								Percentage of individuals persistently in core housing need all three years		Percentage of individuals who:	
											Entered core housing need	Exited core housing need
	2002	2003	2004	2005	2006	2007	2008	2009 <sup>1</sup>	2002-2004	2005-2007	Average over 2002-2007 <sup>2</sup>	Average over 2002-2007 <sup>2</sup>
<b>Canada</b>	<b>13.9</b>	<b>13.9</b>	<b>13.6</b>	<b>13.4</b>	<b>13.0</b>	<b>12.3</b>	<b>13.0</b>	<b>13.5<sup>B</sup></b>	<b>4.6</b>	<b>3.9</b>	<b>3.1</b>	<b>3.4</b>
Owner	6.1	5.8	6.3	6.1	6.4	5.6	5.8	5.9 <sup>C</sup>	1.5	1.4	1.7	1.7
Renter	27.9	28.8	28.1	27.6	26.3	25.8	26.2	28.2 <sup>B</sup>	15.7	14.0	6.6	8.0

All figures are rounded.

<sup>1</sup> Letters indicate quality of 2009 estimates (see text box *Survey of Labour and Income Dynamics at the end of the chapter*).

<sup>2</sup> From one year to the next of a two-year period (2002-2003, 2003-2004, 2005-2006 and 2006-2007).

Source: CMHC (SLID-based housing indicators and data)

### Lowest-income households were still most likely to experience core housing need

Previous research has established that the incidence of core housing need declines as household income rises. In 2009, more than half (54.1%) of households in the lowest-income quintile were in core housing need compared to 12.2% of moderate-income households (see Figure 5-8). There were no upper- or highest-income households in core housing need.<sup>5</sup>

Both household income and shelter costs increase from the lowest to the highest quintile. But shelter costs increased less steeply than income, with the result that the highest-income households spent a lower proportion of their before-tax incomes on shelter (as measured

by the shelter-cost-to-income ratio or STIR<sup>6</sup>); in 2009, the median lowest-income household spent 35.4% of its income on shelter compared to 10.5% for the median highest-income household. This compares to an overall urban median STIR of 18.5%.

### Renter households in the lowest-income quintile accounted for about 61% of all urban households in core housing need

Most households in core housing need have incomes in the lowest-income quintile. In 2009, 80.4% of urban households in core housing need were in the lowest-income quintile, 61.4% were renters and 19.0% were owners (see Figure 5-9).

<sup>5</sup> A very small number of households in the middle-income quintile were in core housing need. However, the estimate is not of sufficient quality for publication.

<sup>6</sup> The STIR is calculated for each household by dividing shelter cost by total household income. Shelter costs include, as applicable, rent, mortgage payments (principal and interest), property taxes, condominium fees, and payments for electricity, fuel, water and other municipal services. The median STIR is the mid-point of the ranked STIRs for individual households; it cannot be calculated by dividing the median shelter cost by the median income.

FIGURE 5-8

### Housing conditions of urban households, by income quintile,<sup>1</sup> Canada, 2009

Income quintile	Income range (\$)	Median income (\$)	Median shelter cost (\$)	Median shelter-cost-to-income ratio (STIR) <sup>2</sup> (%)	Incidence of core housing need (%)
Highest	113,861 and up	149,650	16,900	10.5	0.0
Upper	75,611 to 113,860	92,300	14,020	15.1	0.0
Middle	50,821 to 75,610	62,410	11,420	18.4	F
Moderate	30,621 to 50,820	40,130	8,960	22.9	12.2
Lowest	Up to 30,620	20,200	6,940	35.4	54.1
All urban households	NA	62,410	10,380	18.5	13.5

All figures are rounded.

<sup>1</sup> Households were ranked by their before-tax income and divided into five equally-sized groups (quintiles). For descriptive purposes, these groups are referred to as follows: lowest-income, moderate-income, middle-income, upper-income, and highest-income.

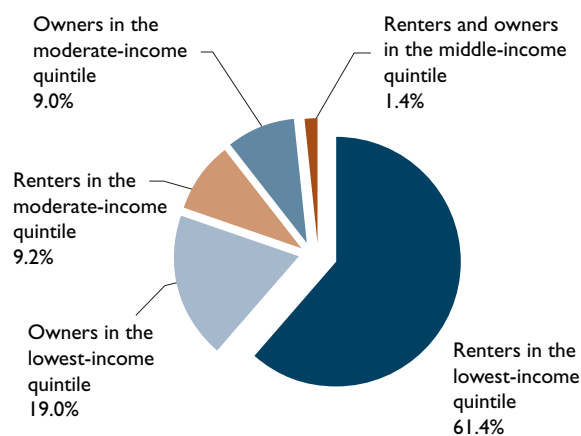
<sup>2</sup> The median STIR is the mid-point of the ranked STIRs for individual households; it cannot be calculated by dividing the median shelter cost by the median income. F indicates an estimate that was too unreliable to be published.

NA - Not applicable

Source: CMHC (SLID-based housing indicators and data)

FIGURE 5-9

### Shares of urban households in core housing need, by income quintile and tenure, 2009



All figures are rounded.

There are no households in core housing need in the upper- and highest-income quintiles.

Source: CMHC (SLID-based housing indicators and data)

Although 66.0% of the total number of urban households were owners in 2009 and 34.0% were renters, for households in core housing need, it was almost the reverse—28.8% were owners and 71.2% were renters.

In 2009, the incidence of core housing need for urban renter households in the lowest-income quintile was 60.5% compared to 40.4% for owner households (see Figure 5-10). In addition, depth of housing need for those urban households in core housing need in the lowest-income quintile was more severe for renters than owners. In 2009, the median depth of housing need was \$2,530 for lowest-income quintile renter households and \$1,880 for lowest-income quintile owner households.

### Lowest-income renter households spent a higher proportion of income on shelter costs than did owners

In 2009, urban renter households in the lowest-income quintile had a median shelter-cost-to-income ratio of 38.7%, compared to 27.5% for owner households in the lowest-income quintile (see Figure 5-11). For lowest-income renter households, median shelter costs were higher and

FIGURE 5-10

### Housing conditions of urban households in the two lowest-income quintiles, by tenure, 2009

Income quintile	Tenure	Incidence of core housing need (%)	For households in core housing need		
			Median shelter-cost-to-income ratio (STIR) (%)	Median depth (\$)	Average depth ratio (%)
Moderate	Owner	10.7	43.7	2,110	16.0
	Renter	14.1	35.2	2,430	19.0
	All	12.2	38.6	2,270	17.5
Lowest	Owner	40.4	48.6	1,880	25.3
	Renter	60.5	49.5	2,530	32.7
	All	54.1	49.1	2,330	31.0

All figures are rounded.

Source: CMHC (SLID-based housing indicators and data)

FIGURE 5-11

### Shelter costs, income, and shelter-cost-to-income ratios (STIRs) for urban households in the two lowest-income quintiles, by tenure, 2002-2009

	2002	2003	2004	2005	2006	2007	2008	2009
<b>Median shelter cost (nominal dollars, not adjusted for inflation)</b>								
Moderate-income owners	5,910	6,270	6,700	7,780	8,310	8,010	7,950	8,430
Lowest-income owners	4,670	5,070	5,270	5,600	5,790	5,850	6,050	5,940
Moderate-income renters	7,540	7,830	7,810	8,400	8,400	8,650	9,170	9,300
Lowest-income renters	6,210	6,250	6,390	6,390	6,620	6,900	7,200	7,240
All urban households	8,130	8,480	8,780	9,180	9,440	9,800	10,200	10,380
<b>Median household income (nominal dollars, not adjusted for inflation)</b>								
Moderate-income owners	33,960	34,850	35,920	37,230	38,750	40,440	40,760	40,990
Lowest-income owners	18,020	18,910	19,430	19,850	21,200	22,360	22,200	22,920
Moderate-income renters	32,480	33,720	34,260	35,140	36,760	37,960	40,050	39,300
Lowest-income renters	15,530	16,040	16,560	16,610	17,900	18,660	19,000	18,710
All urban households	51,360	53,190	54,620	56,040	58,230	60,440	62,840	62,410
<b>Median shelter-cost-to-income ratio (STIR)<sup>1</sup> (%)</b>								
Moderate-income owners	17.9	18.9	19.8	21.1	21.3	20.6	20.0	21.4
Lowest-income owners	28.1	28.1	30.7	32.5	29.8	28.6	30.1	27.5
Moderate-income renters	23.4	23.5	23.2	23.9	22.9	22.5	23.1	23.6
Lowest-income renters	40.5	40.6	40.0	38.6	38.1	37.1	37.9	38.7
All urban households	17.8	18.2	18.1	18.5	18.4	18.4	18.6	18.5

All figures are rounded.

<sup>1</sup> The median STIR is the mid-point of the ranked STIRs for individual households; it cannot be calculated by dividing the median shelter cost by the median income.

Source: CMHC (SLID-based housing indicators and data)



median incomes lower than for owner households; the median shelter cost for renter households in the lowest-income quintile was \$7,240 compared to \$5,940 for owner households, and the median renter income was \$18,710 compared to \$22,920 for owners.

Renter and owner urban households in the moderate-income quintile had median STIRs that were closer in value than those in the lowest-income quintile. While there was an 11 percentage point spread between the STIRs of renter and owner households in the lowest-income quintile, the renter-owner spread for households in the moderate-income quintile was only 2.2 points; the median STIR for moderate-income renter households in 2009 was 23.6%, compared to 21.4% for owner households.

### British Columbia and Ontario had the highest provincial incidences of urban core housing need in 2009

British Columbia and Ontario had higher than average incidences of core housing need in 2009 at 17.1% and 15.4%, respectively. Prince Edward Island, New Brunswick, Manitoba, Saskatchewan, Alberta and Quebec had below average incidences (see Figures 5-12 and 5-13).<sup>7</sup>

Between 2008 and 2009, the incidence of core housing need in British Columbia increased from 13.7% to 17.1%, as the urban household median income in that province declined by slightly more than 6%. No other province saw such a large increase in the incidence of core housing need.

FIGURE 5-12

#### Urban housing conditions, Canada and Provinces, 2002-2009

	Percentage of households in core housing need								Percentage of individuals persistently in core housing need all three years		Percentage of individuals who:	
											Entered core housing need	Exited core housing need
	2002	2003	2004	2005	2006	2007	2008	2009 <sup>1</sup>	2002-2004	2005-2007	Average over 2002-2007 <sup>2</sup>	Average over 2002-2007 <sup>2</sup>
<b>Canada</b>	<b>13.9</b>	<b>13.9</b>	<b>13.6</b>	<b>13.4</b>	<b>13.0</b>	<b>12.3</b>	<b>13.0</b>	<b>13.5<sup>B</sup></b>	<b>4.6</b>	<b>3.9</b>	<b>3.1</b>	<b>3.4</b>
Newfoundland and Labrador	16.4	15.7	17.6	18.1	15.6	14.7	16.7	14.2 <sup>D</sup>	5.4	F	F	F
Prince Edward Island	10.6	11.9	11.7	12.4	10.1	7.4	7.4	7.9 <sup>E</sup>	F	F	F	F
Nova Scotia	13.8	13.0	13.5	10.3	14.3	12.9	15.1	15.0 <sup>D</sup>	4.9	3.5	3.5	3.3
New Brunswick	9.2	9.7	8.1	12.0	11.7	9.1	7.7	9.0 <sup>D</sup>	2.0	3.3	2.4	2.8
Quebec	11.6	11.6	10.8	12.4	11.6	10.7	11.1	10.9 <sup>C</sup>	3.2	3.2	2.3	2.7
Ontario	15.5	15.6	16.0	15.4	14.6	13.8	15.1	15.4 <sup>C</sup>	5.6	4.9	3.4	3.7
Manitoba	9.4	8.9	9.9	10.0	10.1	9.8	8.9	9.3 <sup>D</sup>	3.4	2.5	2.6	2.9
Saskatchewan	9.9	10.2	9.3	9.4	9.6	7.9	10.5	9.6 <sup>D</sup>	3.2	2.6	2.2	2.8
Alberta	11.3	10.9	10.2	8.7	8.8	10.3	10.3	9.6 <sup>D</sup>	2.9	2.4	3.2	2.8
British Columbia	17.5	17.1	15.7	14.5	15.1	13.8	13.7	17.1 <sup>C</sup>	6.2	4.2	3.8	4.2

All figures are rounded.

<sup>1</sup> Letters indicate quality of 2009 estimates (see text box *Survey of Labour and Income Dynamics at the end of the chapter*).

<sup>2</sup> From one year to the next of a two-year period (2002-2003, 2003-2004, 2005-2006 and 2006-2007).

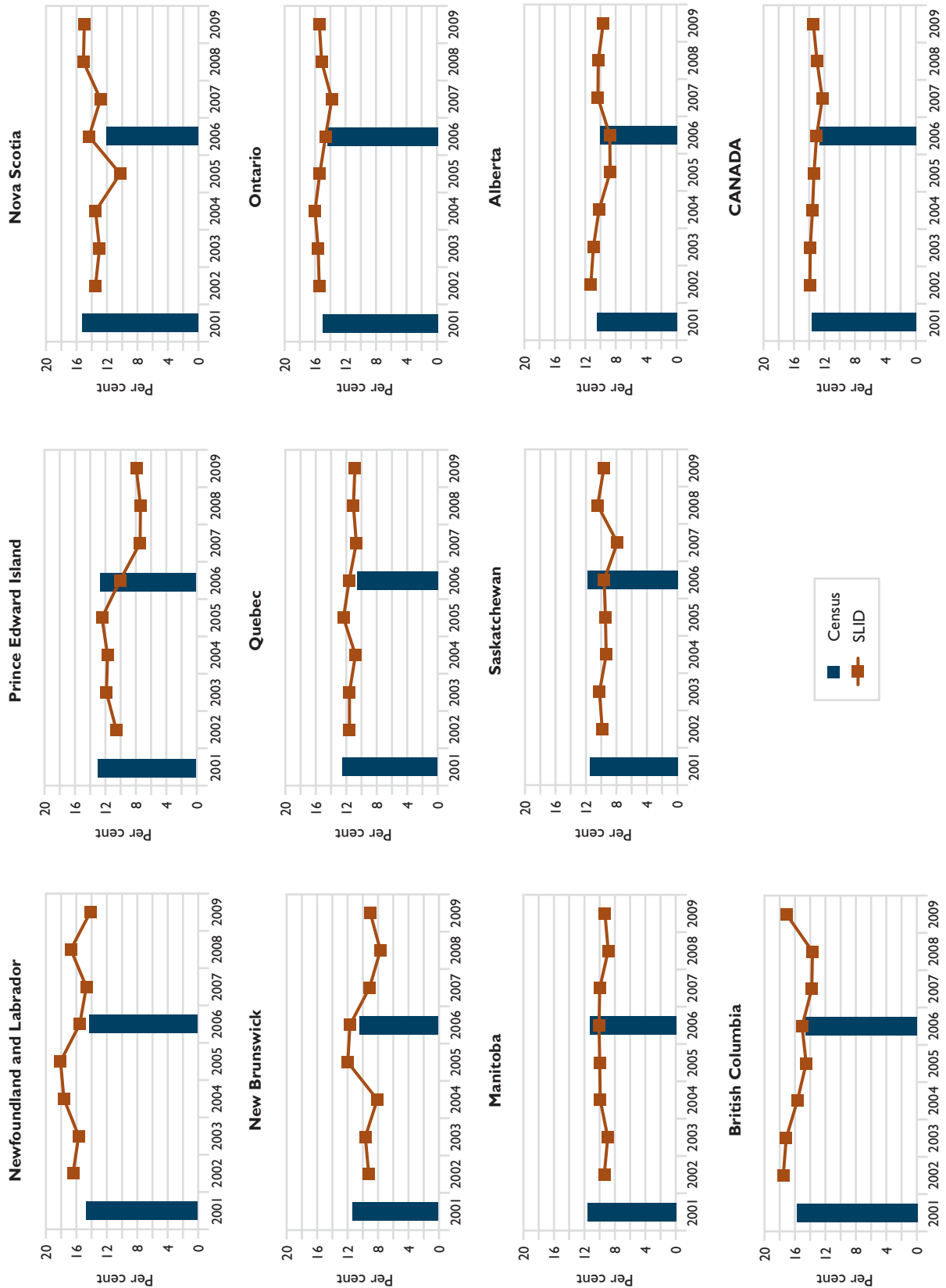
F indicates an estimate that was too unreliable to be published.

Source: CMHC (SLID-based housing indicators and data)

<sup>7</sup> Additional housing estimates for provinces similar to those in Figure 5-1 are available on CMHC's website.

FIGURE 5-13

## Incidence of urban core housing need based on Census and SLID, Canada and Provinces, 2001-2009



Source: (Census- and SLID-based housing indicators and data)

## Vancouver and Toronto had the highest incidences of urban core housing need among selected Census Metropolitan Areas

Vancouver and Toronto had above-average incidences of core housing need in 2009 at 20.5% and 17.8%, respectively (see Figures 5-14 and 5-15). Toronto and Vancouver also had the highest percentages of

urban individuals who lived persistently (all three years) in core housing need over the two 3-year periods measured: 2002-2004 and 2005-2007. These two centres had the highest average incidences of individuals who entered or exited core housing need from one year to the next for the four 2-year periods examined between 2002 and 2007.

FIGURE 5-14

### Housing conditions in selected Census Metropolitan Areas (CMAs), 2002-2009

	Percentage of households in core housing need								Percentage of individuals persistently in core housing need all three years		Percentage of individuals who:	
											Entered core housing need	Exited core housing need
	2002	2003	2004	2005	2006	2007	2008	2009 <sup>1</sup>	2002-2004	2005-2007	Average over 2002-2007 <sup>2</sup>	Average over 2002-2007 <sup>2</sup>
<b>Urban Canada</b>	<b>13.9</b>	<b>13.9</b>	<b>13.6</b>	<b>13.4</b>	<b>13.0</b>	<b>12.3</b>	<b>13.0</b>	<b>13.5<sup>B</sup></b>	<b>4.6</b>	<b>3.9</b>	<b>3.1</b>	<b>3.4</b>
Halifax	14.9	13.3	13.6	9.9	15.1	12.1	16.0	16.4 <sup>D</sup>	5.6	3.2	4.0	3.6
Québec	8.7	7.5	8.9	8.8	8.0	8.1	6.4	4.1 <sup>E</sup>	F	F	F	F
Montréal	13.2	13.4	12.1	13.9	13.7	12.4	13.3	13.1 <sup>D</sup>	3.5	3.8	2.6	3.0
Ottawa-Gatineau	12.4	15.0	13.7	13.6	14.0	10.4	11.6	9.2 <sup>E</sup>	4.4	4.6	2.1	2.9
Toronto	18.5	17.8	19.1	18.8	17.7	16.9	17.2	17.8 <sup>D</sup>	6.7	6.9	4.2	4.6
Winnipeg	9.2	8.7	9.9	9.9	10.2	10.6	9.2	9.5 <sup>D</sup>	3.2	2.6	2.7	2.9
Regina	10.2	10.1	9.9	8.8	8.6	6.5	9.1	9.2 <sup>E</sup>	F	F	F	F
Saskatoon	12.0	10.9	9.8	12.0	13.4	9.9	13.9	11.8 <sup>D</sup>	3.5	4.3	2.7	3.8
Calgary	11.8	12.3	8.8	7.3	9.5	10.5	10.8	9.1 <sup>D</sup>	3.3	2.2	3.5	2.9
Edmonton	12.0	10.6	11.3	9.6	8.3	10.5	9.7	11.3 <sup>D</sup>	2.7	2.6	2.9	2.7
Vancouver	19.4	18.1	17.4	15.1	17.0	15.1	16.0	20.5 <sup>C</sup>	7.3	4.8	4.0	4.6

All figures are rounded.

<sup>1</sup> Letters indicate quality of 2009 estimates (see text box *Survey of Labour and Income Dynamics at the end of the chapter*).

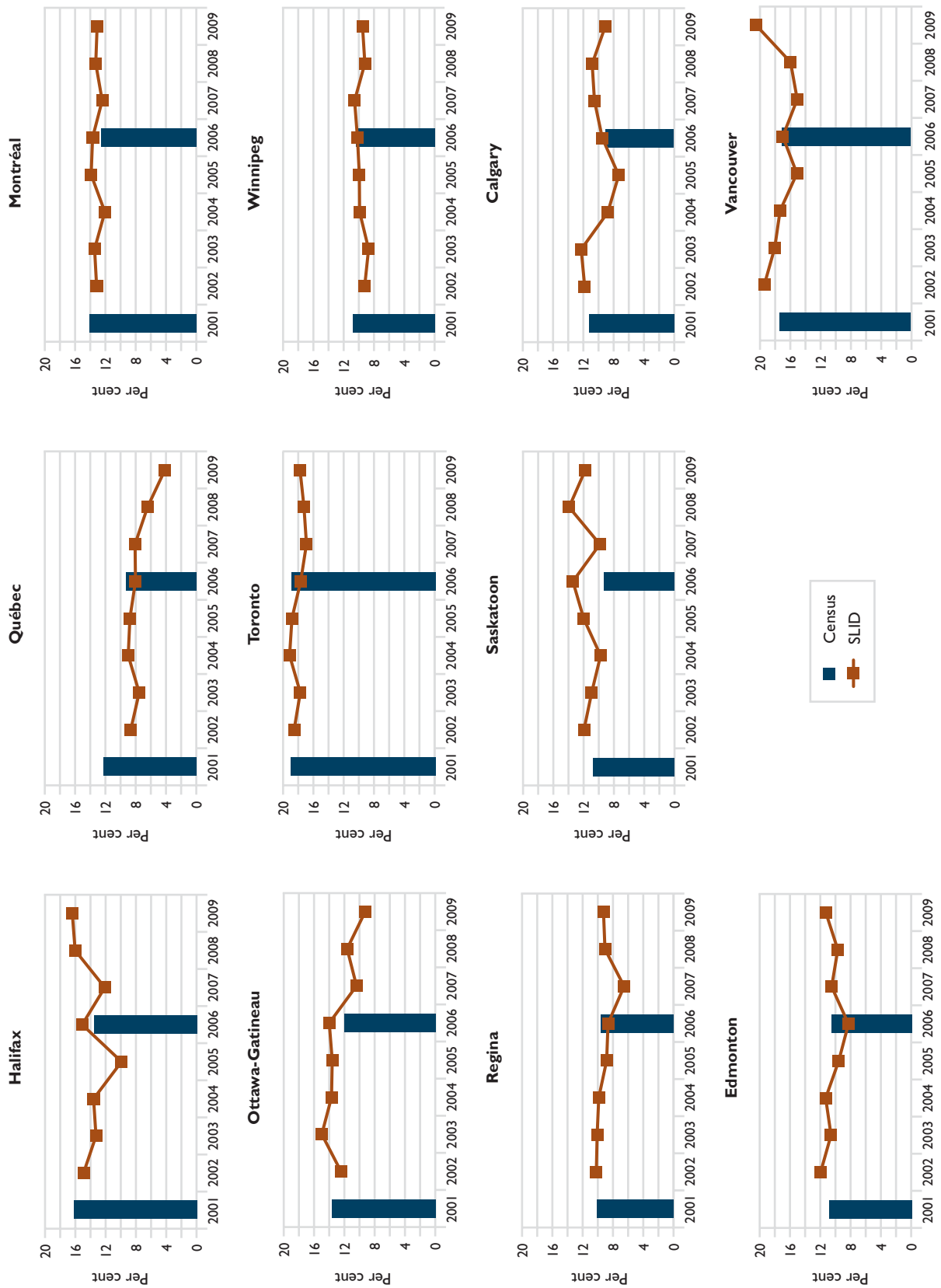
<sup>2</sup> From one year to the next of a two-year period (2002-2003, 2003-2004, 2005-2006 and 2006-2007).

F indicates an estimate that was too unreliable to be published.

Source: CMHC (SLID-based housing indicators and data)

FIGURE 5-15

Incidence of core housing need based on Census and SLID, selected Census Metropolitan Areas (CMAs), 2001-2009



Source: (Census- and SLID-based housing indicators and data)

## Acceptable housing and core housing need

The term **acceptable housing** refers to housing that is adequate in condition, suitable in size, and affordable.

- **Adequate** housing does not require any major repairs, according to residents. Major repairs include those to defective plumbing or electrical wiring, or structural repairs to walls, floors or ceilings.
- **Suitable** housing has enough bedrooms for the size and make-up of resident households, according to National Occupancy Standard (NOS) requirements. Enough bedrooms based on NOS requirements means one bedroom for each cohabiting adult couple; unattached household member 18 years of age and over; same-sex pair of children under age 18; and additional boy or girl in the family, unless there are two opposite sex children under 5 years of age, in which case they are expected to share a bedroom. A household of one individual can occupy a bachelor unit (i.e. a unit with no bedroom).
- **Affordable** housing costs less than 30% of before-tax household income. For renters, shelter costs include rent and any payments for electricity, fuel, water and other municipal services. For owners, shelter costs include mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water and other municipal services.

A household is in **core housing need** if its housing does not meet one or more of the adequacy, suitability or affordability standards **and** it would have to spend 30% or more of its before-tax income to pay the median rent (including utility costs) of alternative local market housing that meets all three standards.

**Households tested for core housing need** include only private non-farm, non-band, non-reserve households with incomes greater than zero and shelter-cost-to-income ratios (STIRs) less than 100%. Farms are excluded because shelter costs for farm households are not separable from costs related to other farm structures. Reserves and other band households are excluded because shelter costs are not collected for households whose housing costs are paid through band housing arrangements. CMHC regards STIRs of 100% or more and STIRs for households with incomes of zero or less as uninterpretable.

**Incidence of core housing need** refers to the percentage of households in core housing need.

**Share of core housing need** refers to the composition of core housing need by various criteria such as household income or household type.

**Depth of housing need** measures the comparative severity of core housing need; e.g. for different categories of households or over different time periods.

Depth of housing need for a household in core housing need is the difference between the amount that *it would need* to pay for acceptable housing and the amount that *it can afford* to pay based on the affordability standard of shelter costs being less than 30% of before-tax household income.

- Depth of housing need is calculated as *median rent of alternative local market housing minus 30% of before-tax household income*.
- Depth ratio is calculated as the *depth of housing need divided by the median rent of alternative local housing, multiplied by 100*.

These calculations are slightly different for the 30% of core-need households with suitable and adequate dwellings and a reported shelter cost that is below the median rent of alternative local market housing:

- Depth of housing need is calculated as *reported shelter cost minus 30% of before-tax household income*.
- Depth ratio is calculated as the *depth of housing need divided by the reported shelter cost, multiplied by 100*.

**Median depth of housing need** is the middle value when households are ranked in order of their depth of need.

## Survey of Labour and Income Dynamics (SLID)

SLID is a household survey conducted by Statistics Canada that collects information annually from about 17,000 households and about 34,000 adults on the labour and income characteristics of Canadians. SLID covers the 10 Canadian provinces but excludes households in the territories, in institutions or collective dwellings, in military barracks and on Indian reserves. SLID also excludes the homeless. Starting with 2002, CMHC has sponsored detailed housing questions on SLID.

Cross-sectional survey estimates represent a snapshot of household or personal characteristics at a point in time. In this chapter, cross-sectional estimates are based on households. Annual cross-sectional estimates from SLID enable the review of urban housing conditions between censuses.

Note that SLID cross-sectional estimates of core housing need for 2005 are comparable to estimates from the 2006 Census since both sources collect household income for the 2005 reference year and shelter costs as of the first half of 2006 (*see Figures 5-6, 5-13, and 5-15*).

Longitudinal estimates are based on data gathered for the same individuals over several years. SLID collects information for two groups or panels of people who are surveyed annually for six consecutive years. Each panel comprises a sample of some 34,000 adults or about 17,000 households. A new panel begins every three years and thus the two panels overlap for three years. Longitudinal estimates are based on individuals since, over time, households may form, dissolve or change membership. Longitudinal estimates based on SLID allow for tracking the persistence of individuals in core housing need for periods of three years (using data from two panels) or for six years (using data from one panel); as well as the examination of movements into or out of core housing need from year-to-year (for pairs of years).

Core housing need estimates from SLID are produced only for **urban areas** (see below) because the rental market data used in the calculation of core housing need are not available annually for smaller centres. Urban areas here include Census Metropolitan Areas (CMAs) and Census Agglomerations (CAs) in the 10 provinces. A CMA must have a total population of at least 100,000, of which 50,000 or more must live in the core. A CA must have a core population of at least 10,000. Based on the 2006 Census, urban households in the core housing need universe account for nearly 80% of households in the 10 provinces. Census core-need estimates can be produced for all households and for urban households; in this chapter, census-based core-need estimates are for urban households so they can be compared to SLID estimates.

Since the SLID sample of about 34,000 adults is much smaller than the Census sample which gathers housing data from some 2.5 million households, SLID-based estimates have less precision than estimates based on census data. Thus differences between SLID-based estimates, either from year to year or between categories or geographic areas, may not be statistically significant. Where possible in this chapter, the significance of differences between estimates has been assessed using a measure of precision of the estimates [coefficient of variation (CV)]<sup>1</sup> provided by Statistics Canada. Letter grades indicating quality levels for estimates are provided in some tables:

- “A” indicates excellent data quality, with a CV of less than 2%.
- “B” indicates very good quality, with a CV between 2% and 3.9%.
- “C” indicates good quality, with a CV between 4% and 7.9%.
- “D” indicates acceptable quality, with a CV between 8% and 15.9%.
- “E” indicates that the estimate should be used with caution since its CV is 16% or more.
- “F” indicates that the estimate has been suppressed due to unacceptable data quality—it either has a CV of more than 33% or it is based on 25 observations or fewer.

<sup>1</sup> The coefficient of variation (CV) is the *standard error divided by the estimate*; the smaller the CV, the more accurate the estimate.



# Chapter 6

## Sustainable Housing and Communities - Flexible Housing



### Fast Facts

- CMHC's FlexHousing™ is based on four basic principles of flexible design: adaptability, accessibility, affordability and occupant health.
- The number of households headed by seniors is expected to rise through 2036. Flexible housing meets the needs of an aging population by facilitating seniors' comfort, security, independence, well-being and preference for aging-in-place.
- The percentage of adults living with disabilities increases with age. In 2006, about 4.4 million Canadians (about 14% of the population) were living with disabilities; about 56% of those aged 75 and older were living with disabilities. Flexible housing designed for accessibility is ideally suited to meet the needs of people with mobility and agility disabilities.
- In 2006, about 34,000 people aged 15 or older with a mobility/agility disability lived in a household in core housing need and reported that they had unmet needs for special features required to assist them with their daily life activities. Such features include grab bars or a bath lift in the bathroom, a ramp or street level entrance, easy-to-open doors, elevators and lift devices, widened doorways or hallways, lowered kitchen counters and visual alarms or audio warning devices.
- In 2006, about 515,000 grandparents aged 45 and older lived in a home shared with grandchildren, and just over half of these were three-generation households where the children's parents also lived in the home. Flexible housing design offers options for better accommodating multi-generational and extended families.
- In 2006, about 60% of Canada's housing stock was at least 30 years old. Repairs and renovations to older housing offer a cost-effective opportunity to build flexible housing features into existing homes that can better meet the changing needs of the population.

This chapter provides an overview of the flexible housing concept including its history, main features and relevance to current and future housing, communities and environmental challenges.

**The origins of the flexible housing concept**

The concept has its roots in the innovative Grow Home<sup>1</sup> developed in 1990 by Avi Friedman and Witold Rybczynski of the McGill University School of

Architecture in Montréal. Designed to be affordable for low-income households, the Grow Home incorporated flexible and adaptable living spaces within a small footprint (approximately 93 m<sup>2</sup> / 1,000 sq. ft. in a 4.3 m / 14 ft. wide, three-storey townhouse).

Building on the Grow Home concept, and the subsequent Next Home, CMHC created FlexHousing™ in 1995 as part of the universal design/inclusive design movement (*see text box Universal design*).

**Universal design**

Universal design is an international concept aimed at stimulating and supporting the design of products and environments that can meet the needs of a wide range of the population. Universal design goes beyond the concept of “accessible” design or “barrier-free” design in that it aims at the whole population, not just those with mobility limitations. It is based on the following seven principles:<sup>1</sup>

Equitable use	The design is useful and marketable to people with diverse abilities.
Flexibility in use	The design accommodates a wide range of individual preferences and abilities.
Simple and intuitive use	Use of the design is easy to understand, regardless of the user’s experience, knowledge, language skills, or current concentration level.
Perceptible information	The design communicates necessary information effectively to the user, regardless of ambient conditions or the user’s sensory abilities.
Tolerance for error	The design minimizes hazards and the adverse consequences of accidental or unintended actions.
Low physical effort	The design can be used efficiently and comfortably and with a minimum of fatigue.
Size and space for approach and use	Appropriate size and space is provided for approach, reach, manipulation and use, regardless of the user’s body size, posture, or mobility.

The concept of universal design has not yet been widely adopted by the housing industry. Part of the reason for this may be that it is still basically defined in terms of concepts as opposed to specific best practices that can be understood by consumers and applied by industry.<sup>2</sup> However, with a rapidly aging population, awareness and adoption of universal design principles can be expected to grow. Demonstration homes discussed below, such as the CMHC FlexHouse™ demo home at the Canadian Centre for Housing Technology (CCHT) in Ottawa, can help expand awareness, knowledge and uptake by the housing industry and consumers (*see text box The CMHC FlexHouse™ demo home*).

<sup>1</sup> Story, M., Mueller, J. & Mace, R. *The Universal Design File: Designing for people of all ages and abilities*. New York: NC State University, 1998. <http://design-dev.ncsu.edu/openjournal/index.php/redlab/article/view/102> (March 2, 2012).  
<sup>2</sup> *Quantifying Universal Design: A Program for Implementation. Research Highlight, Socio-economic Series*. Ottawa: Canada Mortgage and Housing Corporation, 2001. [www.cmhc.ca/od/?pid=63415](http://www.cmhc.ca/od/?pid=63415) (May 8, 2012).

<sup>1</sup> See CMHC’s *Building Housing Incrementally*. [www.cmhc.ca/en/inpr/afhoce/tore/afhoid/cohode/buhoin](http://www.cmhc.ca/en/inpr/afhoce/tore/afhoid/cohode/buhoin) (August 23, 2012).

The objectives of universal design are similar to those of FlexHousing™ (see text box *The principles of FlexHousing™*):

- allow people to occupy their homes for longer periods of time;
- create housing that meets a wide range of needs; and

- improve the convenience of a home for its occupants.

Similar concepts are referred to as Universal Housing in the United States and Lifetime Homes in the United Kingdom (see text box *Lifetime Homes in the United Kingdom*).

## The principles of FlexHousing™

FlexHousing™, developed by CMHC, is an approach to flexible house design. By including specific accessible and adaptable features during the design and construction stage, FlexHousing™ allows people to more easily and economically adapt their houses to their changing circumstances over time, giving them the option of remaining in their homes rather than moving.

FlexHousing™ was originally based on four basic principles of flexible design:

1. **Adaptability:** Incorporating adaptable features such as convertible living spaces, a pre-designed space for a home elevator, or features that allow for an easy conversion to a secondary suite with a private entrance, provides a house that meets the current needs of occupants while offering the potential to more easily meet their future needs (see text box *Secondary suites*).
2. **Accessibility:** Incorporating design features such as wider doorways and hallways, and on-grade access provides housing that is more convenient for a person with a walker, a baby carriage or an armload of groceries, as well as those in wheelchairs or scooters. Safety features such as non-slip flooring, and lower-height light switches, make housing safer and more accessible for everyone.
3. **Affordability:** The design and construction of FlexHousing™ is intended to be no more expensive than conventional housing over the long-run. Lower renovation costs and avoided moving costs can more than offset the initial moderately higher costs.
4. **Occupant Health:** FlexHousing™ incorporates low-emission building materials and finishes as well as efficient heat recovery ventilation equipment to help ensure a good quality indoor environment.

### Secondary suites

Secondary suites are self-contained dwellings that have their own kitchen and bathroom, separate from the main dwelling.<sup>1</sup> Also known as “accessory apartments” or “in-law suites”, secondary suites offer affordable housing for extended family or non-family member renters and can provide an income stream for the homeowner. They can also be potentially beneficial to the homeowner in other ways. From a broader planning perspective, secondary suites help optimize the use of existing housing stock and neighbourhood infrastructure and can help increase housing and options in existing neighbourhoods.

Secondary suites must conform to all municipal zoning requirements and the provincial/territorial building and fire codes. Requirements for secondary suites vary from one province or territory to another and sometimes between cities. For those provinces/territories adopting the 2010 National Building Code, the size of a secondary suite is limited to 80 m<sup>2</sup> or no more than 80% of the floor area of the main dwelling unit, whichever is less.

<sup>1</sup> [www.cmhc.ca/en/co/renoho/refash/refash\\_040.cfm](http://www.cmhc.ca/en/co/renoho/refash/refash_040.cfm) (May 8, 2012).

## Lifetime Homes in the United Kingdom

The Lifetime Homes concept was developed in the early 1990s. Lifetime Homes are ordinary homes incorporating 16 design criteria (revised in 2010) that can be universally applied to new homes at minimal cost:

1. Accessible parking with space for a wheelchair;
2. Convenient access from parking to main dwelling entrance;
3. Convenient access along all approach routes to dwellings;
4. Illuminated entrances with level thresholds and covered main entrance;
5. Easily accessible stairs and elevators to upper levels;
6. Internal doorways and halls wide enough to enable convenient movement;
7. Wheelchair circulation and turning space in living and dining rooms;
8. Living room at entrance level for ease of visitability;<sup>1</sup>
9. Potential for entrance-level bed space;
10. Wheelchair-accessible toilet and space for potential roll-in shower at entrance level;
11. Bathroom wall and toilets capable of accommodating grab bars;
12. Potential for installation of stair lift or home elevator;
13. Potential for installing future bedroom-to-bathroom hoist;
14. Accessible bathroom and potential for future adaptations;
15. Living room window located low enough to allow a reasonable line-of-sight from a sitting position (accessible window latches on at least one window in each room for ventilation); and
16. Accessible light switches, electrical outlets and other regularly-used or emergency service controls.

Many local U.K. planning policies already require the Lifetime Homes Standard in new developments (as example, the London Plan has adopted this standard<sup>2</sup>). It is an existing requirement in Wales and Northern Ireland for new publicly-funded homes to comply with the Lifetime Homes Standard.

<sup>1</sup> See *text box Glossary* at the end of this chapter.

<sup>2</sup> [www.lifetimehomes.org.uk](http://www.lifetimehomes.org.uk) (August 23, 2012)

### How the flexible design concept works

Flexible housing is achieved through planning, design, and construction or renovation. Forethought and careful consideration of possible future needs are required at the design stage to permit maximum flexibility, at the least cost, in the living spaces over time. For instance, in order to facilitate dividing a large

bedroom into two smaller rooms in the future, the floor or roof structure above should be free-spanning.<sup>2</sup> The original bedroom design must position windows strategically to serve separate rooms in the future. The design must include (or have roughed-in) enough light switches, electrical outlets (preferably on separate breakers), other utility connections and closet space to

<sup>2</sup> Free-spanning refers to a roof that spans from wall to wall without interior columns or pillars.

service both rooms when the space is partitioned. As another example, plumbing for additional bathrooms or other fixtures can also be roughed-in at the time of construction.

Incorporating flexible or universal housing features (see Figures 6-1 and 6-2) during the construction stage can avoid or reduce the costs and disruption associated with future conversions and home renovations. Forward thinking regarding the structural design of the roof and the allocation of space for a future stairway can allow for the future conversion of attic space to living space without major structural changes. Reinforcing a bathroom wall with plywood to allow for future installation of a grab bar costs considerably less than demolition, blocking and reconstruction at a later date. Installing wider doorways and accessible pathways at the time of construction can help to avoid expensive or invasive reconfigurations of living spaces if ever a family member would need a wheelchair or walker. Adaptability is greatly facilitated if load-bearing walls are confined to the perimeter of the building.

FIGURE 6-2

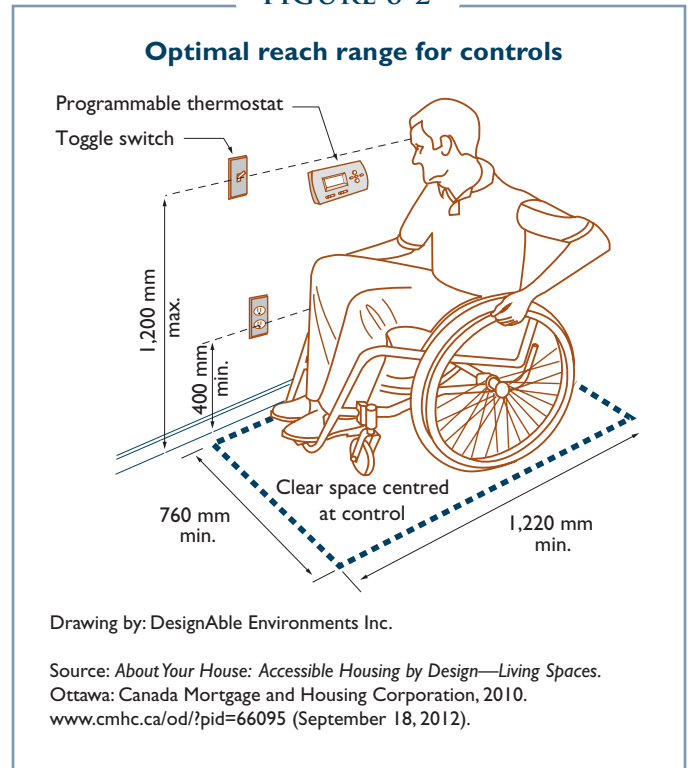
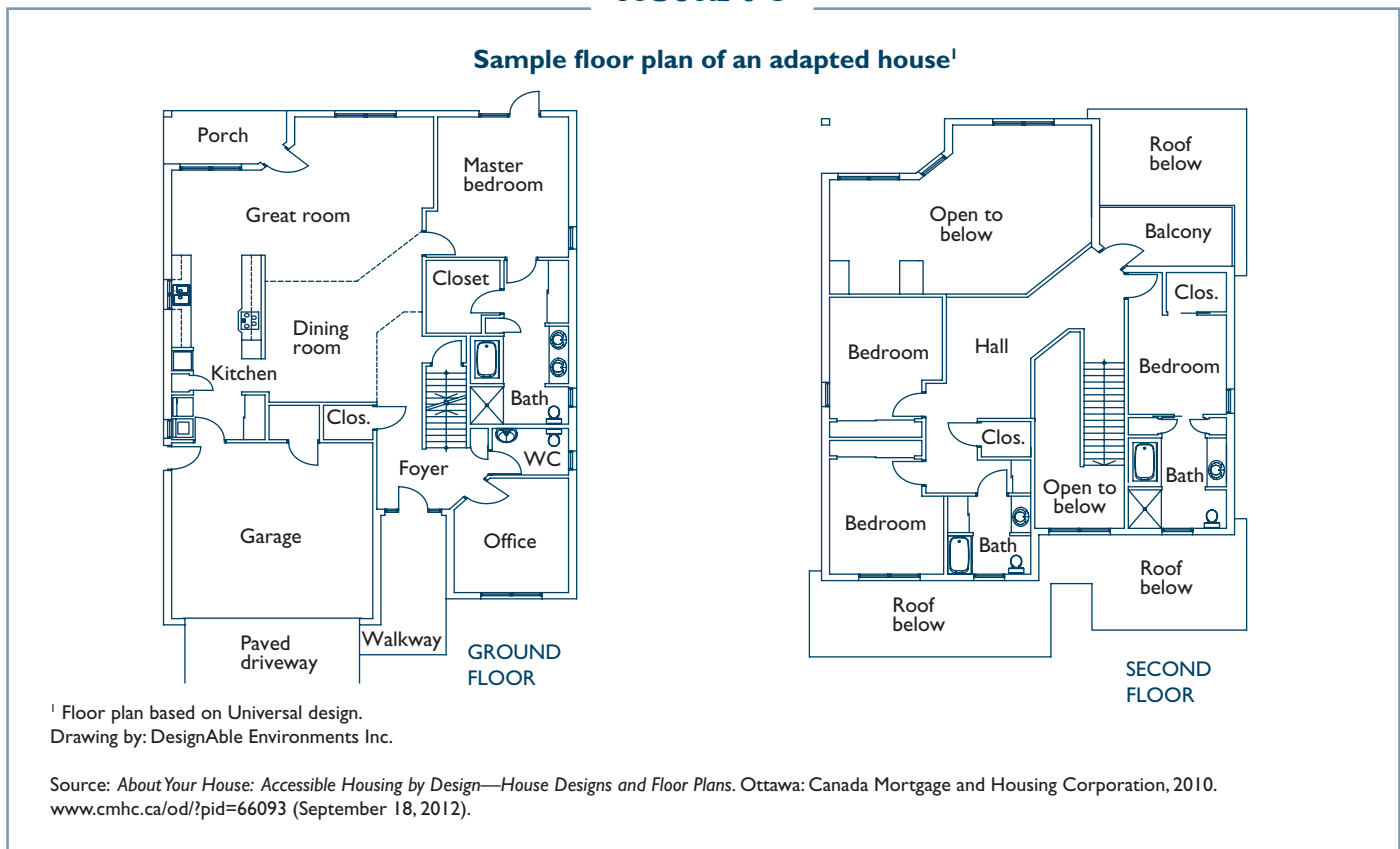


FIGURE 6-1





Here are some flexible design ideas and features:

- On-grade entrances, ramps or lift access from the parking space to the entrance;
- Covered entrances with level landings and adequate lighting;
- Main floor level containing kitchen, living and dining space, bathroom and a space suitable for a future bedroom;
- Floor plan, building services, exit paths and fire safety requirements designed to facilitate future conversion of the house into two separate dwellings;
- Floor space or vertical alignment of closet spaces for a future elevator or the provision of straight-run stairways that are at least 1,000 mm (39 in.) wide for the installation of a chair lift;
- Easily movable or removable partition walls to repurpose floor areas;
- Allowances to permit an easy installation of an exterior door that would permit conversion of a bedroom or other living space into a home office;<sup>3</sup> and
- Adequate basement floor-to-ceiling clearance and window sizes, separate mechanical and electrical services, and a separate entrance to allow for the inclusion of a secondary suite.

Flexible housing design features can be incorporated in rental housing as well as housing owned by the occupants. For instance, in the United Kingdom, building regulations require all new housing be accessible to everyone, including the elderly and people with disabilities. Since 1998 all new public housing in

Northern Ireland has been built to the Lifetime Homes Standard.<sup>4</sup> In 2004, the Greater London Authority introduced the requirement that all new homes in both the public and private sector meet the Lifetime Homes Standard. Four years later, England developed its *National Strategy for Housing in an Ageing Society* including the requirement that all new public housing meet this standard by 2011 and all new private housing meet it by 2013.<sup>5</sup> Rental housing designed with flexible features is better positioned to respond to changing rental market needs over time.

### Everyone benefits from a flexible home

A flexible house is an ideal choice for everyone as needs change over time in response to personal circumstances such as aging, changing health conditions, and household composition and income changes. In addition to being well-suited to meet the needs of an aging population and people with disabilities and other special needs, flexible housing is also a good choice for multi-generational living or for households which will need a future home office, or an independent suite for a family member, caregiver, or tenant. Additionally, as well-designed flexible housing is better prepared to adapt to a broad range of needs, it can appeal to a wider range of buyers on eventual resale.

### Flexible housing meets the needs of an aging population

The number of households headed by seniors is expected to rise through 2036 (see Figure 6-3).

Housing that facilitates seniors' comfort, security, independence, well-being and preference for aging-in-place will be increasingly in demand.

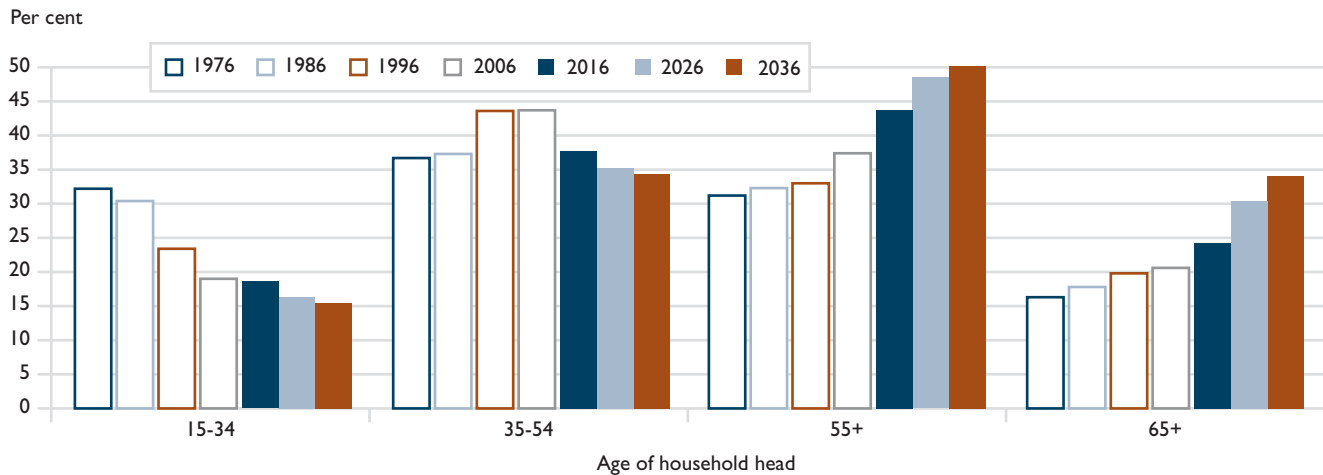
<sup>3</sup> Ability to easily create a home office is a desirable feature since an increasing number of people are working from home. In 2008, 19% of Canadian workers or 3.59 million people, worked from their house, up from 17% of the working population in 2000. *Working at home: An update*. Ottawa: Statistics Canada, 2010. [www.statcan.gc.ca/pub/11-008-x/2011001/article/11366-eng.htm](http://www.statcan.gc.ca/pub/11-008-x/2011001/article/11366-eng.htm) (March 7, 2012).

<sup>4</sup> Equality Commission for Northern Ireland (2007). *Statement on Key Inequalities in Northern Ireland*, p. 22. Available at [www.equalityni.org/archive/pdf/Keyinequalities\(F\)1107.pdf](http://www.equalityni.org/archive/pdf/Keyinequalities(F)1107.pdf) (March 6, 2012).

<sup>5</sup> Department for Communities and Local Government (2008). *Lifetime Homes, Lifetime Neighbourhoods: A National Strategy for Housing in an Ageing Society*. [tinyurl.com/ctlcrg8](http://tinyurl.com/ctlcrg8) (November 29, 2012).



FIGURE 6-3

**The share of households by age of household head, 1976 to 2006, and projections to 2036<sup>1</sup>**

<sup>1</sup> Based on medium household growth projection scenario.

Source: CMHC (projections) and adapted from Statistics Canada (Census of Canada, Annual Demographic Statistics)

### Flexible housing accommodates persons with disabilities

In 2006, about 4.4 million Canadians (about 14% of the population) were living with disabilities. This included nearly 2.5 million adults aged 15 to 64. The percentage of adults living with disabilities increases with age; in 2006, about 56% of those aged 75 and older were living with disabilities.<sup>6</sup>

Common disabilities affecting adults are related to mobility and agility (see Figure 6-4). In 2006, nearly three million Canadians (over 11% of the population) reported each of these conditions. Mobility limitations also increase with age, with about 48% of women and 39% of men aged 75 and older experiencing mobility-related disabilities (see Figure 6-5).

In 2006, about 34,000 people aged 15 or older with a mobility or agility disability lived in a household in core housing need and reported that they had unmet needs for special features required to assist them with

FIGURE 6-4

**Prevalence of disabilities in adults (aged 15 and older), by type of disability, 2006<sup>1</sup>**

Type of disability	Adults aged 15 and older	
	Number	%
Pain	2,965,650	11.7
Mobility	2,923,000	11.5
Agility	2,819,580	11.1
Hearing	1,266,120	5.0
Vision	816,250	3.2
Learning	631,030	2.5
Psychological	589,470	2.3
Memory	495,990	2.0
Speech	479,740	1.9
Developmental	136,570	0.5
Other	119,390	0.5

<sup>1</sup> Participation and Activity Limitation Survey 2006: Analytical Report. Ottawa: Statistics Canada, 2007, p. 29.  
[www.statcan.gc.ca/pub/89-628-x/89-628-x2007002-eng.pdf](http://www.statcan.gc.ca/pub/89-628-x/89-628-x2007002-eng.pdf) (March 1, 2012).

<sup>6</sup> Participation and Activity Limitation Survey 2006: Analytical Report. Ottawa: Statistics Canada, 2007.  
[www.statcan.gc.ca/pub/89-628-x/89-628-x2007002-eng.pdf](http://www.statcan.gc.ca/pub/89-628-x/89-628-x2007002-eng.pdf) (March 1, 2012).

FIGURE 6-5

**Mobility-related disabilities in older adults, by age and sex, 2006<sup>1</sup>**

Sex/Age	Total population 65+	With mobility-related disability	
		Number	%
Both sexes			
65+	4,049,140	1,342,230	33.1
75+	1,809,510	809,340	44.7
85+	369,460	223,520	60.5
Female			
65+	2,247,960	836,360	37.2
75+	1,074,040	519,500	48.4
85+	239,900	149,290	62.2
Male			
65+	1,801,170	505,870	28.1
75+	735,470	289,830	39.4
85+	129,560	74,220	57.3

<sup>1</sup> *Participation and Activity Limitation Survey 2006: Analytical Report*. Ottawa: Statistics Canada, 2007, p. 38.  
[www.statcan.gc.ca/pub/89-628-x/89-628-x2007002-eng.pdf](http://www.statcan.gc.ca/pub/89-628-x/89-628-x2007002-eng.pdf) (March 1, 2012).

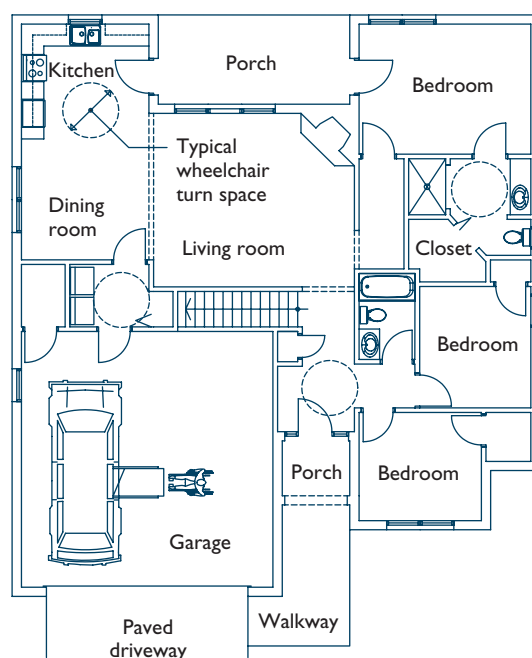
their daily life activities. Such features include grab bars or a bath lift in the bathroom, a ramp or street level entrance, easy to open doors, elevators and lift devices, widened doorways or hallways, lowered kitchen counters and visual alarms or audio warning devices.

Flexible housing designed for accessibility is ideally suited to meet the needs of people with mobility and agility disabilities (see Figures 6-6 and 6-7). Not only can it be adapted to respond to changing mobility and agility, it can also be easily converted to create a separate suite for a caregiver, if or when required.

## Flexible housing supports multi-generational living

Living arrangements in some Canadian households are changing in response to social, economic and cultural changes. In 2006, about 515,000 grandparents aged 45 and older lived in a home shared with grandchildren, and just over half of these were three-generation households where the children's parents also lived in the home.<sup>7</sup> Immigrants are twice as likely as the Canadian-born population to live in multi-generational families.<sup>8</sup> The number of grandparents living in multi-generational homes can be expected to increase in the future as

FIGURE 6-6

**Sample floor plan of an accessible house**

Drawing by: DesignAble Environments Inc.

Source: *About Your House: Accessible Housing by Design—House Designs and Floor Plans*. Ottawa: Canada Mortgage and Housing Corporation, 2010.  
[www.cmhc.ca/od/?pid=66093](http://www.cmhc.ca/od/?pid=66093) (September 18, 2012).

<sup>7</sup> 2006 Census: Family portrait: Continuity and change in Canadian families and households in 2006: National portrait: Individuals. Ottawa, Statistics Canada, 2006. [www12.statcan.gc.ca/census-recensement/2006/as-sa/97-553/p18-eng.cfm](http://www12.statcan.gc.ca/census-recensement/2006/as-sa/97-553/p18-eng.cfm) (May 9, 2012).

<sup>8</sup> "Across the generations: Grandparents and grandchildren" *Canadian Social Trends*. Ottawa: Statistics Canada, Winter 2003.

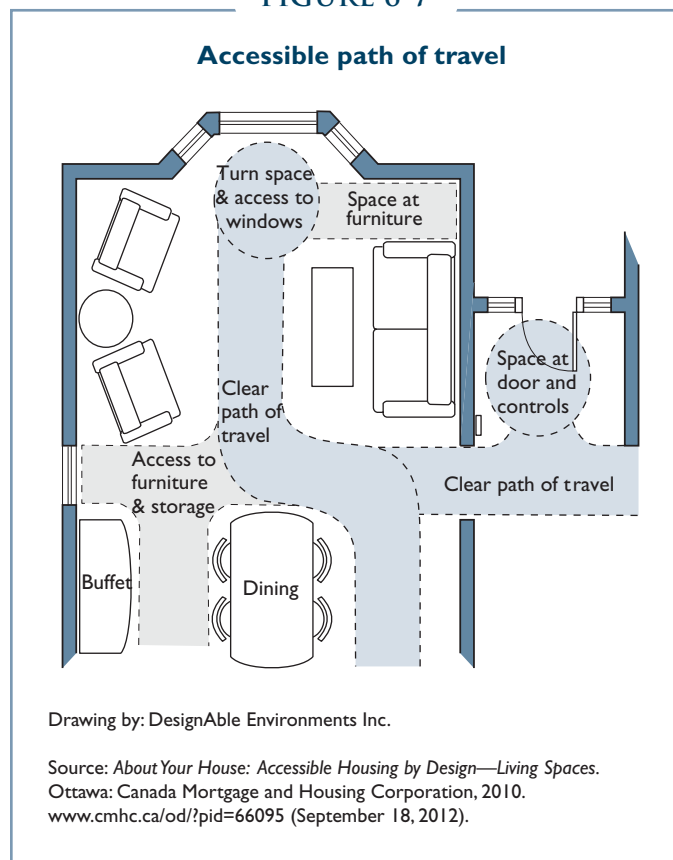
aging boomers become grandparents. There are also more adult children living at home. In 2006, about 44% of young adults aged 20 to 29 years were living in the parental home, up from 41% in 2001 and 32% in 1986.<sup>9</sup>

Flexible housing design offers options for better accommodating multi-generational and extended families by facilitating support for an elderly parent, an adult child or extended family members (*see text box Tr'ondëk Hwëch'in First Nation flexible housing subdivision*).

### Flexible housing is an affordable option

Although flexible housing may initially cost slightly more than a conventional house, it can offer significant savings compared to the costs of demolition and renovation

FIGURE 6-7



### Tr'ondëk Hwëch'in First Nation flexible housing subdivision

Living close to the Arctic Circle, the Tr'ondëk Hwëch'in need energy-efficient housing that provides good indoor air quality. They also need housing which is flexible enough to accommodate extended families and allows for future expansion to meet the changing housing needs of growing families.

In 2003, the Tr'ondëk Hwëch'in First Nation designed and built a flexible housing community near Dawson City, Yukon. The Tr'ondëk Hwëch'in flexible housing design includes many features to support aging-in-place and ensure the houses can be adapted as occupants' needs change. The foundation, walls, roofing, plumbing, electrical and mechanical systems were designed so that future additions can be easily accommodated. Plumbing was roughed-in to allow for the conversion of a walk-in closet into a wheelchair-accessible shower room. Other accessibility features included wide door openings; low thresholds; easily accessible phone jacks, electrical outlets, light switches and thermostat controls; and bathroom sink cabinets with a removable module for easy wheelchair access. Also, windows were strategically placed to ensure occupants could look outside from a seated position.

at a future date. Inexpensive flexible design features can eventually mean the difference between remaining in the family home or having to relocate at a vulnerable point in one's life. The incremental costs of flexible housing features can be less than the cost of relocating when all related expenses, such as packing, moving, new furnishings and appliances, commissions and various fees are factored in.

<sup>9</sup> Ibid. 2006 Census: Family portrait: Continuity and change in Canadian families and households in 2006: National portrait: Individuals.

One estimate, published in 2002, which compared the initial construction costs of a flexible house with a benchmark house was that it could cost from 2.0% to 5.5% more to construct a house with all basic flexible features and that would allow future conversion to create a liveable attic space and a basement suite.<sup>10</sup> The higher end of this range was related to the installation of open roof trusses in the attic (rather than normal trusses); this alone increased the initial construction cost by approximately 3.5%. Even at the higher end of the range, the increase in cost would have more than paid for itself through future savings in renovation costs, by a factor of 9.6.<sup>11</sup>

### Flexible housing design in action

There are many examples of flexible design in Canada. Some of these were specifically designed as FlexHouses (e.g. see text box *Tr'ondëk Hwëch'in First Nation flexible housing subdivision*). Along with energy efficiency, water efficiency, and healthy indoor environments, CMHC's EQUilibrium™ Housing projects incorporate many FlexHousing™ features (see Figure 6-8). The CMHC FlexHouse demo home at the Canadian Centre for Housing Technology (CCHT)<sup>12</sup> in Ottawa (see text box *The CMHC FlexHouse demo home*) demonstrates many approaches to achieving flexible housing as well.

### Home renovations provide an opportunity to add flexible housing features

In 2010, about 64% of Canada's housing stock was at least 30 years old. If our housing stock is going to meet the changing needs of the population, it will require significant renovations and adaptations. These renovations provide an opportunity to increase the flexibility of the housing.

FlexHousing™ may be combined with other performance metrics to provide a well-integrated set of sustainable housing criteria. This could include the following sustainable features:

- Energy efficiency—Including a wide variety of energy-efficient building methods, systems and electrical appliances helps reduce monthly operating costs and minimize greenhouse gas emissions.
- Resource efficiency—Using durable, environmentally-friendly building practices and construction materials saves on life-cycle costs and reduces resource extraction and processing. Resource-efficient landscaping techniques such as xeriscaping and rainwater collection combined with water-efficient appliances and fixtures, conserve water and reduce maintenance costs.
- Lower environmental impact—Locating housing in a mixed-use neighbourhood close to public transit reduces the need for personal vehicle use and contributes to the reduction of greenhouse gas emissions and other pollutants.

<sup>10</sup> See "The Cost of FlexHousing™" *Research Highlight Socio-economic Series*. Ottawa: Canada Mortgage and Housing Corporation, 2002. [www.cmhc.ca/od/?pid=62791](http://www.cmhc.ca/od/?pid=62791) (March 3, 2012).







<sup>11</sup> "The Cost of FlexHousing™" *Research Report*. Ottawa: Canada Mortgage and Housing Corporation, 2002, p. 12. [www.cmhc.ca/od/?pid=63081](http://www.cmhc.ca/od/?pid=63081) (March 25, 2012).

<sup>12</sup> The CCHT is a research facility dedicated to the evaluation of technical innovations for housing. The Centre is jointly operated by the National Research Council (NRC), Natural Resources Canada (NRCan) and CMHC. As well as the FlexHouse, the CCHT research and demonstration facility includes two highly instrumented, identical, two-storey houses with full basements. These houses, each 2,260 sq. ft., are built to R-2000 standards and use simulated occupancy to evaluate the whole house performance of new technologies in side-by-side testing.



FIGURE 6-8

## Flexible housing design features in selected EQuilibrium™ Housing projects

Avalon Discovery 3	Harmony House
	
Red Deer, Alberta	Burnaby, British Columbia
Expandable attic space Designed for easy conversion to barrier-free living	Self-contained secondary suite Home office space with washroom access located at main entrance, separate from main living area of the home
EchoHaven	Inspiration – The Minto Ecohome
	
Calgary, Alberta	Manotick, Ontario
Wheelchair accessible ground floor Adaptable to accommodate secondary suite or home office on ground floor	Flex space in undeveloped attic and basement with large windows for future development
Green Dream Home	Urban Ecology
	
Kamloops, British Columbia	Winnipeg, Manitoba
Unfinished attic space above garage can be developed to expand living space Adaptable to accommodate a home office Rough-in for future secondary suite in walk-out basement	Accessible, open-concept floor design on main floor Low-threshold level rear entrance area protected from weather Two-piece, barrier-free washroom located on main floor

## The CMHC FlexHouse™ demo home

In 1996, CMHC sponsored a design contest to promote the FlexHousing™ concept. Architect Nicholas Varias of Nouvelle Development Corporation of London, Ontario was the national winner. An adaptation to his award-winning design was constructed at the Canadian Centre for Housing Technology (CCHT) InfoCentre<sup>1</sup> in Ottawa in 1998 and is available for viewing. The house was designed to be easily adaptable from a two to three bedroom house and subdivided into two separate living units. The list below includes some of the design features:

- Bevelled, no trip, no step threshold at entry;
- An entry foyer designed to permit separate occupancies and access to a home office;
- Wide doorways and hallways;
- Stacked oversized closets for a future elevator;
- A shower and bathroom area that can be converted to accommodate laundry equipment;
- Moveable wall on the second floor to convert one bedroom to two small bedrooms;
- Rough-in for washer and dryer provided on second floor;
- Work surfaces in kitchen at various heights;
- Open space under sink and cook top to permit use while seated;
- Optional roll-out cabinet in kitchen for extra storage and work space;
- Windows with low sills to allow outdoor views from a seated position; and
- Roof with an attic truss design and roughed-in plumbing and electrical, allowing for future conversion to living space.

FIGURE 6-9

### The CMHC FlexHouse™ demo home at CCHT InfoCentre



Credit: CMHC

<sup>1</sup> [www.ccht-cctr.gc.ca/eng/infocentre.html](http://www.ccht-cctr.gc.ca/eng/infocentre.html) (May 8, 2012).



## Moving forward

The rationale for, and basic approaches to, achieving flexible housing and community design are becoming increasingly well understood by consumers and industry, and there is scope to apply them more broadly, with resulting benefits to both current and future occupants.

Given changing demographics and shifting social, economic and environmental pressures on households and the housing sector, there may be greater demand for flexible, well-integrated housing and community options to better meet needs going forward.

## Glossary

### Accessible

An accessible house includes features that meet the needs of a person with a disability. Most accessible houses feature open turning spaces within rooms, wheel-in shower stalls and kitchen work surfaces with knee space below.

### Adaptable

An adaptable house is designed to be adapted economically at a later date, for example, to create a home office or to accommodate a change in household composition. Features to accommodate someone with a disability include removable cupboards in a kitchen or bathroom to create knee space for a wheelchair user, or a knock-out floor panel in a closet to allow installation of an elevator.

### Aging-in-place

Aging-in-place refers to the ability to remain in one's home safely, independently and comfortably, as one's age and abilities change.

### Disability

Disability is an activity limitation or participation restriction associated with a physical or mental condition or health problem.

### Universal house design

Universal house design recognizes that everyone who uses a house is different and comes with different abilities that change over time. Features include lever door handles that everyone can use, enhanced lighting levels to make it as easy as possible to see, stairways that feature handrails that are easy to grasp and easy-to-use appliances.

### Visitable

A visitable house includes basic accessibility features that allow most people to visit, even if they have limitations such as impaired mobility. Basic features of a visitable house include a level entry, wider doors throughout the entrance level and an accessible washroom on the main floor.

# Appendix A

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## Key Housing and Housing Finance Statistics

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**TABLE 1**  
**Housing Market Indicators, Canada, 2002-2011**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Construction</b>										
Starts, total	205,034	218,426	233,431	225,481	227,395	228,343	211,056	149,081	189,930	193,950
Single-detached	125,374	123,227	129,171	120,463	121,313	118,917	93,202	75,659	92,554	82,392
Multiple	79,660	95,199	104,260	105,018	106,082	109,426	117,854	73,422	97,376	111,558
Semi-detached	13,584	13,644	14,297	13,477	14,358	14,432	12,651	11,114	13,006	12,570
Row	18,482	20,343	22,067	22,134	20,963	23,281	20,868	13,908	19,857	19,447
Apartment	47,594	61,212	67,896	69,407	70,761	71,713	84,335	48,400	64,513	79,541
Starts by intended market, <sup>1</sup> total	179,124	191,911	204,389	193,471	195,024	193,744	187,368	130,369	166,175	174,351
Homeownership - freehold	123,106	121,890	124,678	114,008	113,743	112,730	94,871	78,617	97,085	91,250
Rental	18,841	19,939	20,343	17,210	18,518	18,605	18,265	16,237	19,735	20,721
Homeownership - condominium	36,798	49,212	58,852	60,251	61,817	61,595	73,574	34,382	48,506	61,605
Other (co-op and unknown)	379	870	516	2,002	946	814	658	1,133	849	775
Completions, total	185,626	199,244	215,621	211,242	215,947	208,889	214,137	176,441	186,855	175,623
<b>Available Supply</b>										
Newly completed and unabsorbed homes <sup>2</sup>	10,251	11,392	14,392	13,654	15,430	15,673	19,801	18,547	19,598	19,126
Single- and semi-detached	4,755	5,092	5,797	5,064	5,820	6,319	8,581	5,537	5,841	6,190
Row and apartment	5,496	6,300	8,595	8,590	9,610	9,354	11,220	13,010	13,757	12,936
Rental vacancy rate (%) <sup>3</sup>	2.1	2.6	2.9	2.8	2.7	2.6	2.3	3.0	2.9	2.5
Availability rate (%) <sup>3</sup>	NA	NA	3.9	4.0	3.7	3.7	3.3	4.2	3.9	3.4
<b>Housing Costs</b>										
New Housing Price Index (% change) <sup>5</sup>	4.0	4.8	5.6	5.0	9.7	7.7	3.4	-2.3	2.2	2.2
Teranet - National Bank House Price Index (% change) <sup>6</sup>	9.3	7.7	7.7	8.2	12.2	9.3	-0.8	5.4	4.0	7.4
Consumer Price Index (% change) <sup>5</sup>	2.3	2.8	1.9	2.2	2.0	2.1	2.4	0.3	1.8	2.9
Construction materials cost index (% change) <sup>5</sup>	NA	1.3	6.8	0.0	1.1	0.1	1.1	1.3	1.1	0.7
Construction wage rate index (% change) <sup>5</sup>	1.1	2.5	1.4	1.7	4.0	5.0	1.5	3.9	1.6	3.8
Owned accommodation costs (% change) <sup>5</sup>	1.7	3.0	2.8	3.1	4.1	4.9	4.5	1.1	0.6	1.5
Rental accommodation costs (% change) <sup>5</sup>	2.0	1.5	1.0	0.8	1.0	1.5	1.7	1.5	1.2	1.1
Average rent (\$) <sup>3</sup>										
Bachelor	504	516	523	529	547	563	582	594	607	636
One-bedroom	627	638	646	659	676	699	726	736	756	775
Two-bedroom	694	704	720	732	755	772	804	812	835	856
3+ bedroom	775	788	807	816	853	863	884	888	928	943
<b>Demand Influences</b>										
Population on July 1 (thousands) <sup>4</sup>	31,354	31,640	31,941	32,245	32,576	32,928	33,318	33,727	34,127	34,484
Labour force participation rate (%) <sup>4</sup>	66.9	67.5	67.5	67.1	67.0	67.4	67.7	67.2	67.0	66.8
Employment (% change) <sup>5</sup>	2.4	2.4	1.7	1.3	1.8	2.4	1.7	-1.6	1.4	1.6
Unemployment rate (%) <sup>4</sup>	7.7	7.6	7.2	6.8	6.3	6.0	6.1	8.3	8.0	7.4
Real disposable income (% change) <sup>5</sup>	1.7	2.2	3.9	2.7	5.9	4.0	4.1	0.9	3.5	1.2
1-year mortgage rate (%)	5.17	4.84	4.59	5.06	6.28	6.90	6.70	4.02	3.49	3.52
3-year mortgage rate (%)	6.28	5.82	5.65	5.59	6.45	7.09	6.87	4.57	4.30	4.28
5-year mortgage rate (%)	7.02	6.39	6.23	5.99	6.66	7.07	7.06	5.63	5.61	5.37
Net migration <sup>5</sup>	248,024	200,443	213,178	216,216	228,666	224,352	252,975	267,671	260,554	226,353
<b>Housing in GDP (\$ millions)<sup>4</sup></b>										
Rent imputed to owners	90,313	94,459	99,112	103,783	109,824	117,266	124,573	130,669	136,147	142,454
Rent paid by tenants	32,179	33,595	34,953	36,203	37,943	40,115	42,287	44,203	45,936	47,882
Total housing-related spending in GDP <sup>5</sup>	213,022	228,099	245,481	260,217	277,439	299,282	309,487	308,352	326,891	342,900
Total consumption-related spending (including repairs)	147,686	155,768	162,732	170,858	179,279	190,413	202,240	207,760	215,763	226,581
Total residential investment	65,336	72,331	82,749	89,359	98,160	108,869	107,247	100,592	111,128	116,319
New construction (including acquisition costs)	32,651	36,341	41,866	43,322	47,082	51,101	50,970	40,224	48,578	50,126
Alterations and improvements	22,089	24,209	27,100	30,271	33,692	37,567	39,182	41,533	42,572	43,848
Transfer costs	10,596	11,781	13,783	15,766	17,386	20,201	17,095	18,835	19,978	22,345

<sup>1</sup> Housing units in centres 10,000+.<sup>2</sup> Housing units in centres 50,000+ for which construction has been completed but which have not been rented or sold.<sup>3</sup> In privately initiated apartment structures with at least 3 units.<sup>4</sup> Statistics Canada (CANSIM).<sup>5</sup> CMHC, adapted from Statistics Canada (CANSIM).<sup>6</sup> Teranet - National Bank House Price Index™.

Source: CMHC (Starts and Completions Survey, Market Absorption Survey, Rental Market Survey); Bank of Canada (mortgage rates); Statistics Canada (CANSIM and custom tabulation of construction materials cost index); ©Teranet - National Bank House Price Index™, all rights reserved.

For additional data, please refer to the CMHC website: [www.cmhc.ca/observer](http://www.cmhc.ca/observer).

TABLE 2

**Total Housing Starts, Canada, Provinces and Metropolitan Areas, 2002–2011 (units)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Canada</b>	<b>205,034</b>	<b>218,426</b>	<b>233,431</b>	<b>225,481</b>	<b>227,395</b>	<b>228,343</b>	<b>211,056</b>	<b>149,081</b>	<b>189,930</b>	<b>193,950</b>
<b>Provinces</b>										
Newfoundland and Labrador	2,419	2,692	2,870	2,498	2,234	2,649	3,261	3,057	3,606	3,488
Prince Edward Island	775	814	919	862	738	750	712	877	756	940
Nova Scotia	4,970	5,096	4,717	4,775	4,896	4,750	3,982	3,438	4,309	4,644
New Brunswick	3,862	4,489	3,947	3,959	4,085	4,242	4,274	3,521	4,101	3,452
Quebec	42,452	50,289	58,448	50,910	47,877	48,553	47,901	43,403	51,363	48,387
Ontario	83,597	85,180	85,114	78,795	73,417	68,123	75,076	50,370	60,433	67,821
Manitoba	3,617	4,206	4,440	4,731	5,028	5,738	5,537	4,174	5,888	6,083
Saskatchewan	2,963	3,315	3,781	3,437	3,715	6,007	6,828	3,866	5,907	7,031
Alberta	38,754	36,171	36,270	40,847	48,962	48,336	29,164	20,298	27,088	25,704
British Columbia	21,625	26,174	32,925	34,667	36,443	39,195	34,321	16,077	26,479	26,400
<b>Metropolitan Areas</b>										
St. John's	1,350	1,604	1,834	1,534	1,275	1,480	1,863	1,703	1,816	1,923
Halifax	3,310	3,066	2,627	2,451	2,511	2,489	2,096	1,733	2,390	2,954
Moncton	1,550	1,435	1,151	1,191	1,416	1,425	1,359	973	1,400	1,194
Saint John	397	580	516	501	565	687	832	659	653	361
Saguenay	596	435	347	464	485	685	869	584	783	859
Québec	4,282	5,599	6,186	5,835	5,176	5,284	5,457	5,513	6,652	5,445
Sherbrooke	857	1,070	1,355	1,076	1,305	1,318	1,627	1,580	1,656	1,575
Trois-Rivières	619	635	874	919	1,017	1,197	1,148	1,027	1,691	1,114
Montréal	20,554	24,321	28,673	25,317	22,813	23,233	21,927	19,251	22,001	22,719
Gatineau	2,553	2,801	3,227	2,123	2,933	2,788	3,304	3,116	2,687	2,420
Ottawa	7,796	6,381	7,243	4,982	5,875	6,506	6,998	5,814	6,446	5,794
Kingston	810	1,131	872	683	968	880	672	717	653	959
Peterborough	423	547	514	619	437	540	428	371	404	351
Oshawa	3,490	3,907	3,153	2,934	2,995	2,389	1,987	980	1,888	1,859
Toronto	43,805	45,475	42,115	41,596	37,080	33,293	42,212	25,949	29,195	39,745
Hamilton	3,803	3,260	4,093	3,145	3,043	3,004	3,529	1,860	3,562	2,462
St. Catharines-Niagara	1,317	1,444	1,781	1,412	1,294	1,149	1,138	859	1,086	1,110
Kitchener-Cambridge-Waterloo	4,130	3,955	3,912	3,763	2,599	2,740	2,634	2,298	2,815	2,954
Brantford	700	458	482	534	409	589	432	317	504	428
Guelph	1,138	994	1,420	951	864	941	1,087	567	1,021	764
London	2,604	3,027	3,078	3,067	3,674	3,141	2,385	2,168	2,079	1,748
Windsor	2,490	2,237	2,287	1,496	1,045	614	453	391	617	719
Barrie	2,739	2,368	2,435	1,484	1,169	980	1,416	427	682	700
Greater Sudbury/Grand Sudbury	298	306	388	400	477	587	543	450	575	595
Thunder Bay	197	211	287	227	165	249	167	180	222	374
Winnipeg	1,821	2,430	2,489	2,586	2,777	3,371	3,009	2,033	3,244	3,331
Regina	651	889	1,242	888	986	1,398	1,375	930	1,347	1,694
Saskatoon	1,489	1,455	1,578	1,062	1,496	2,380	2,319	1,428	2,381	2,994
Calgary	14,339	13,642	14,008	13,667	17,046	13,505	11,438	6,318	9,262	9,292
Edmonton	12,581	12,380	11,488	13,294	14,970	14,888	6,615	6,317	9,959	9,332
Kelowna	1,591	2,137	2,224	2,755	2,692	2,805	2,257	657	957	934
Abbotsford-Mission	1,038	1,056	1,083	1,012	1,207	1,088	1,285	365	516	537
Vancouver	13,197	15,626	19,430	18,914	18,705	20,736	19,591	8,339	15,217	17,867
Victoria	1,344	2,008	2,363	2,058	2,739	2,579	1,905	1,034	2,118	1,642

Source: CMHC (Starts and Completions Survey)

For additional data, please refer to the CMHC website: [www.cmhc.ca/observer](http://www.cmhc.ca/observer).



TABLE 3

**MLS® Total Residential Sales, Canada, Provinces and Metropolitan Areas, 2002–2011 (units)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Canada</b>	<b>419,221</b>	<b>434,542</b>	<b>459,956</b>	<b>483,870</b>	<b>483,225</b>	<b>521,036</b>	<b>431,771</b>	<b>464,980</b>	<b>446,729</b>	<b>457,305</b>
<b>Provinces</b>										
Newfoundland and Labrador	3,014	3,238	3,265	3,211	3,537	4,471	4,695	4,416	4,236	4,480
Prince Edward Island	1,306	1,404	1,500	1,449	1,492	1,769	1,413	1,404	1,487	1,521
Nova Scotia	10,243	9,221	8,887	10,948	10,697	11,857	10,869	10,021	10,036	10,312
New Brunswick	5,089	5,489	5,979	6,836	7,125	8,161	7,555	7,003	6,702	6,599
Quebec	67,867	66,370	68,268	70,385	71,619	80,647	76,753	79,108	80,028	77,216
Ontario	178,278	184,626	197,523	197,341	195,018	213,356	180,968	195,755	195,408	200,323
Manitoba	11,108	11,523	12,098	12,761	13,018	13,928	13,525	13,086	13,164	13,944
Saskatchewan	8,231	7,898	8,440	8,653	9,531	12,540	10,538	11,095	10,872	11,991
Alberta	50,797	51,197	57,216	65,531	73,970	70,954	56,045	57,543	49,723	53,755
British Columbia	82,737	93,095	96,385	106,310	96,671	102,805	68,923	85,028	74,640	76,721
<b>Metropolitan Areas</b>										
St. John's	3,014	3,238	3,265	3,211	3,537	4,471	4,695	4,416	4,236	4,480
Halifax	6,687	5,813	5,516	6,698	6,462	7,261	6,472	6,062	5,944	6,119
Moncton	1,763	1,861	2,028	2,341	2,561	2,849	2,663	2,386	2,402	2,467
Saint John	1,505	1,636	1,612	1,901	1,852	2,253	2,166	1,986	1,751	1,572
Saguenay	1,240	1,312	1,344	1,546	1,585	1,603	1,488	1,472	1,459	1,358
Québec	7,714	6,811	6,778	7,525	7,490	7,954	7,838	7,962	7,073	7,209
Sherbrooke	1,840	1,801	1,806	1,856	1,796	1,905	1,771	1,801	1,730	1,762
Trois-Rivières	1,004	916	953	886	995	1,030	1,011	1,035	933	972
Montréal	38,688	37,523	38,319	39,111	39,141	43,666	40,440	41,753	42,299	40,403
Gatineau	4,059	4,136	4,103	4,125	4,282	4,603	4,193	4,335	4,238	3,859
Ottawa	12,894	12,877	13,457	13,300	14,003	14,739	13,908	14,923	14,586	14,551
Kingston	3,646	3,651	3,764	3,464	3,517	3,725	3,473	3,377	3,209	3,179
Peterborough	2,873	2,851	2,980	2,847	2,714	2,880	2,506	2,458	2,537	2,507
Oshawa	8,520	9,025	9,816	9,232	9,354	10,217	8,797	9,328	9,479	9,604
Toronto	74,759	79,366	84,854	85,672	84,842	95,164	76,387	89,255	88,214	91,760
Hamilton	12,482	12,807	13,176	13,565	13,059	13,866	12,110	12,680	12,934	13,932
St. Catharines-Niagara	5,951	6,174	6,722	6,698	6,410	6,668	5,896	5,808	6,024	5,798
Kitchener-Waterloo-Cambridge	5,473	5,479	6,101	6,348	6,203	7,008	6,236	6,495	6,589	6,406
Brantford	2,044	1,986	2,281	2,204	2,139	2,305	2,097	1,884	2,086	1,971
Guelph	2,656	2,768	2,918	2,932	2,859	3,088	2,794	2,878	2,834	2,982
London	8,290	8,412	9,238	9,133	9,234	9,686	8,620	8,314	8,389	8,272
Windsor	4,938	5,381	5,832	5,661	5,047	4,987	4,546	4,661	4,893	4,946
Barrie	4,063	4,311	4,657	4,675	4,397	5,017	4,058	4,326	4,105	4,228
Greater Sudbury/Grand Sudbury	2,031	2,191	2,500	2,726	2,762	2,754	2,396	1,977	2,244	2,507
Thunder Bay	1,599	1,662	1,447	1,358	1,750	1,902	1,973	2,041	2,146	2,076
Winnipeg	9,881	10,201	10,797	11,415	11,594	12,319	11,854	11,509	11,572	12,297
Regina	2,817	2,640	2,785	2,730	2,953	3,957	3,338	3,704	3,581	3,899
Saskatoon	2,941	2,848	2,999	3,246	3,430	4,446	3,540	3,834	3,574	4,043
Calgary	24,706	24,359	26,511	31,569	33,027	32,176	23,136	24,880	20,996	22,466
Edmonton	15,923	16,277	17,652	18,634	21,984	20,427	17,369	19,139	16,403	16,963
Kelowna	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Abbotsford - Mission	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vancouver	34,909	39,022	37,972	42,222	36,479	38,978	25,149	36,257	31,144	32,936
Victoria	7,069	7,581	7,685	7,970	7,500	8,403	6,171	7,660	6,169	5,773

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The geographic definitions used by CREA differ from those used by Statistics Canada.

Source: CREA (MLS®), QFRE by Centris®

**TABLE 4**  
**MLS® Average Residential Price, Canada,**  
**Provinces and Metropolitan Areas, 2002–2011 (dollars)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Canada</b>	<b>188,924</b>	<b>207,605</b>	<b>226,741</b>	<b>249,266</b>	<b>277,248</b>	<b>307,116</b>	<b>305,021</b>	<b>320,447</b>	<b>339,200</b>	<b>363,116</b>
<b>Provinces</b>										
Newfoundland and Labrador	113,081	119,822	131,499	141,167	139,542	149,258	178,477	206,374	235,341	251,581
Prince Edward Island	94,964	101,745	110,815	117,238	125,430	133,457	139,944	146,044	147,196	149,617
Nova Scotia	126,669	136,292	146,033	159,221	168,614	180,989	189,932	196,690	206,186	212,512
New Brunswick	100,129	105,858	112,933	120,641	126,864	136,603	145,762	154,906	157,240	160,545
Quebec	128,631	149,600	169,470	183,415	195,378	209,465	220,090	230,217	248,685	261,342
Ontario	211,069	227,521	245,657	263,112	278,454	299,610	302,474	318,561	342,590	366,390
Manitoba	96,531	106,788	119,245	133,854	150,229	169,189	190,296	201,343	222,132	234,604
Saskatchewan	100,565	104,925	110,856	122,990	132,340	174,121	223,931	232,882	242,258	258,386
Alberta	170,542	183,027	195,092	218,718	286,149	357,483	353,748	341,818	352,301	353,390
British Columbia	238,877	259,968	289,107	332,224	390,963	439,119	454,599	465,725	505,178	561,304
<b>Metropolitan Areas</b>										
St. John's	113,081	119,822	131,499	141,167	139,542	149,258	178,477	206,374	235,341	251,581
Halifax	148,737	162,486	175,132	189,196	203,178	216,339	232,106	239,158	253,610	260,950
Moncton	99,942	104,577	113,096	124,088	128,547	140,032	143,173	150,135	152,251	158,561
Saint John	103,544	106,473	116,836	119,718	128,202	140,544	158,117	171,027	171,104	170,354
Saguenay	87,117	92,461	96,918	105,597	115,426	130,803	144,213	151,911	168,283	178,951
Québec	107,721	126,292	139,901	152,853	162,764	181,183	197,450	212,203	237,309	247,138
Sherbrooke	107,823	123,203	141,485	161,253	166,145	183,120	187,669	193,247	204,421	215,449
Trois-Rivières	83,774	90,415	101,054	111,576	116,523	132,113	138,366	142,048	151,953	156,919
Montréal	153,293	180,867	206,246	221,275	235,197	251,418	262,611	274,787	297,588	314,013
Gatineau	118,424	137,931	154,693	165,454	174,199	185,590	193,911	206,005	218,620	234,268
Ottawa	200,711	219,713	238,152	248,358	257,481	273,058	290,483	304,801	328,439	344,791
Kingston	144,413	159,694	175,821	195,757	212,157	222,300	235,047	242,729	249,509	261,968
Peterborough	149,350	169,326	188,624	206,270	213,469	231,596	230,656	236,637	249,763	254,605
Oshawa	204,103	219,341	237,084	252,606	258,362	265,620	272,429	278,505	299,983	314,450
Toronto	275,887	293,308	315,266	336,176	352,388	377,029	379,943	396,154	432,264	466,352
Hamilton	183,442	197,744	215,922	229,753	248,754	268,857	280,790	290,946	311,683	333,498
St. Catharines-Niagara	144,720	154,559	170,452	182,443	194,671	202,314	203,647	209,563	217,938	223,066
Kitchener-Cambridge-Waterloo	184,360	213,578	220,560	226,927	241,318	254,290	274,533	274,803	297,818	312,305
Brantford	143,456	154,805	166,885	182,470	198,716	209,151	218,890	220,369	229,678	237,283
Guelph	190,187	196,844	215,511	236,140	245,676	262,186	267,329	265,799	295,207	305,100
London	142,745	153,637	167,344	178,910	190,521	202,908	212,092	214,510	228,114	233,731
Windsor	149,656	151,524	159,597	163,001	164,123	163,215	159,709	153,691	159,347	166,008
Barrie	182,235	197,843	215,275	232,045	244,394	258,999	264,034	263,959	281,966	287,588
Greater Sudbury/Grand Sudbury	110,826	117,359	122,866	133,938	150,434	182,536	211,614	200,947	221,699	229,485
Thunder Bay	109,930	111,927	112,404	121,183	122,064	123,237	132,470	138,090	144,034	164,393
Winnipeg	98,055	108,812	121,925	137,063	154,607	174,203	196,940	207,341	228,706	241,408
Regina	100,751	104,419	111,869	123,600	131,851	165,613	229,716	244,088	258,023	277,473
Saskatoon	118,999	125,191	132,549	144,787	160,577	232,754	287,803	278,895	296,293	301,232
Calgary	198,350	211,155	222,860	250,832	346,675	414,066	405,267	385,882	398,764	402,851
Edmonton	150,165	165,541	179,610	193,934	250,915	338,636	332,852	320,378	328,803	325,595
Kelowna	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Abbotsford-Mission	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vancouver	301,473	329,447	373,877	425,745	509,876	570,795	593,767	592,441	675,853	779,730
Victoria	242,503	280,625	325,412	380,897	427,154	466,974	484,898	476,137	504,561	498,300

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The geographic definitions used by CREA differ from those used by Statistics Canada.

Source: CREA (MLS®), QFRE by Centris®

**TABLE 5**  
**Teranet - National Bank National Composite House Price Index™**  
**2002–2011 (2005 = 100)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Canada	82.18	88.53	95.36	103.16	115.79	126.57	125.61	132.37	137.67	147.82
Halifax	82.13	87.84	95.81	99.71	108.66	113.22	118.02	123.56	130.37	132.48
Québec	77.74	85.71	93.94	100.76	107.02	117.48	132.61	143.56	154.95	166.18
Montréal	76.73	85.23	94.19	99.81	108.81	116.80	121.57	127.74	135.35	143.69
Ottawa-Gatineau	85.74	91.39	97.48	101.51	105.30	111.57	116.62	123.82	131.07	137.04
Toronto	86.63	91.40	96.10	102.21	104.38	113.12	112.31	120.64	125.66	138.15
Hamilton	84.20	89.40	95.59	103.27	107.59	112.55	115.75	118.83	121.89	131.28
Winnipeg	76.86	84.67	93.97	103.45	115.72	135.84	147.74	158.21	165.83	180.28
Calgary	85.37	90.18	96.17	106.55	153.34	171.16	158.00	157.73	153.48	154.88
Edmonton	83.32	88.74	95.11	104.45	145.91	180.30	163.31	163.20	162.03	163.64
Vancouver	75.80	84.31	93.90	106.56	128.76	143.99	141.60	148.93	156.45	169.29
Victoria	70.16	81.34	92.85	107.50	123.01	138.81	138.19	143.08	139.07	139.51

Data as of December of each year.

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**TABLE 6**  
**Occupied Housing Stock by Structure Type and Tenure,**  
**Canada, 1996-2006 (dwelling units)**

	1996				2001				2006			
	Owned	Rented	Band	Total	Owned	Rented	Band	Total	Owned	Rented	Band	Total
<b>Total</b>	<b>6,877,780</b>	<b>3,905,145</b>	<b>37,125</b>	<b>10,820,050</b>	<b>7,610,390</b>	<b>3,907,170</b>	<b>45,415</b>	<b>11,562,975</b>	<b>8,509,780</b>	<b>3,878,500</b>	<b>49,180</b>	<b>12,437,470</b>
Single-detached house	5,488,620	597,480	34,280	6,120,380	5,972,985	620,950	41,135	6,635,065	6,329,200	507,550	43,210	6,879,965
Semi-detached house	337,005	164,580	505	502,090	395,460	169,585	800	565,850	452,965	141,385	1,265	595,615
Row house	259,690	278,125	545	538,365	340,870	276,140	995	618,010	439,175	254,335	1,635	695,145
Apartment detached duplex	164,720	286,620	155	451,495	154,385	258,210	165	412,760	335,835	329,075	290	665,200
Apartment building that has five or more storeys	157,395	822,075	-	979,470	213,205	836,440	10	1,049,655	288,800	824,045	120	1,112,965
Apartment building that has fewer than five storeys	318,645	1,709,375	305	2,028,325	386,165	1,696,730	510	2,083,410	507,850	1,779,910	540	2,288,300
Other single-attached house	17,525	22,005	25	39,555	16,850	24,945	50	41,845	18,865	18,810	65	37,735
Movable dwelling	134,175	24,885	1,310	160,370	130,470	24,165	1,750	156,385	137,085	23,385	2,055	162,535

Source: Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: [www.cmhc.ca/observer](http://www.cmhc.ca/observer).

**TABLE 7**  
**Dwelling Condition by Tenure and Period of Construction,**  
**Canada, 2006**

Tenure and Period of Construction	Total Occupied Dwellings	Dwelling Condition					
		In Need of Regular Maintenance Only		In Need of Minor Repairs		In Need of Major Repairs	
		Number	Per cent	Number	Per cent	Number	Per cent
<b>Total</b>	<b>12,437,470</b>	<b>8,168,615</b>	<b>65.7</b>	<b>3,339,840</b>	<b>26.9</b>	<b>929,020</b>	<b>7.5</b>
1945 or before	1,595,320	762,690	47.8	581,265	36.4	251,365	15.8
1946-1960	1,812,525	1,015,315	56.0	604,185	33.3	193,020	10.6
1961-1970	1,753,170	1,063,480	60.7	538,205	30.7	151,480	8.6
1971-1980	2,421,395	1,519,130	62.7	728,125	30.1	174,140	7.2
1981-1985	1,028,180	683,185	66.4	287,310	27.9	57,690	5.6
1986-1990	1,055,955	731,520	69.3	277,380	26.3	47,055	4.5
1991-1995	894,860	681,245	76.1	183,835	20.5	29,775	3.3
1996-2001	820,365	714,630	87.1	90,655	11.1	15,085	1.8
2001-2006	1,055,690	997,405	94.5	48,875	4.6	9,405	0.9
<b>Owned</b>	<b>8,509,780</b>	<b>5,676,230</b>	<b>66.7</b>	<b>2,298,875</b>	<b>27.0</b>	<b>534,675</b>	<b>6.3</b>
1945 or before	1,060,535	499,255	47.1	403,100	38.0	158,180	14.9
1946-1960	1,160,095	656,330	56.6	397,650	34.3	106,115	9.1
1961-1970	984,120	601,045	61.1	312,590	31.8	70,485	7.2
1971-1980	1,604,445	991,945	61.8	508,190	31.7	104,305	6.5
1981-1985	672,220	437,465	65.1	202,845	30.2	31,910	4.7
1986-1990	790,550	538,940	68.2	221,565	28.0	30,045	3.8
1991-1995	682,990	520,955	76.3	144,010	21.1	18,030	2.6
1996-2001	679,780	598,930	88.1	71,615	10.5	9,235	1.4
2001-2006	875,045	831,370	95.0	37,310	4.3	6,365	0.7
<b>Rented</b>	<b>3,878,500</b>	<b>2,481,730</b>	<b>64.0</b>	<b>1,025,705</b>	<b>26.4</b>	<b>371,065</b>	<b>9.6</b>
1945 or before	534,520	263,415	49.3	178,095	33.3	93,010	17.4
1946-1960	651,595	358,905	55.1	206,365	31.7	86,320	13.2
1961-1970	766,470	462,205	60.3	225,060	29.4	79,205	10.3
1971-1980	810,100	526,490	65.0	218,340	27.0	65,265	8.1
1981-1985	348,675	244,830	70.2	82,495	23.7	21,350	6.1
1986-1990	257,565	191,455	74.3	53,235	20.7	12,880	5.0
1991-1995	203,240	158,790	78.1	36,635	18.0	7,815	3.8
1996-2001	132,515	113,470	85.6	15,845	12.0	3,200	2.4
2001-2006	173,820	162,165	93.3	9,630	5.5	2,020	1.2
<b>Band</b>	<b>49,185</b>	<b>10,650</b>	<b>21.7</b>	<b>15,255</b>	<b>31.0</b>	<b>23,275</b>	<b>47.3</b>
1945 or before	275	30	10.9	65	23.6	175	63.6
1946-1960	830	80	9.6	170	20.5	585	70.5
1961-1970	2,580	240	9.3	555	21.5	1,785	69.2
1971-1980	6,850	695	10.1	1,595	23.3	4,565	66.6
1981-1985	7,290	885	12.1	1,970	27.0	4,435	60.8
1986-1990	7,835	1,125	14.4	2,580	32.9	4,130	52.7
1991-1995	8,625	1,495	17.3	3,195	37.0	3,935	45.6
1996-2001	8,070	2,230	27.6	3,195	39.6	2,650	32.8
2001-2006	6,820	3,870	56.7	1,930	28.3	1,015	14.9

Components may not add up to totals due to rounding.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: [www.cmhc.ca/observer](http://www.cmhc.ca/observer).

**TABLE 8**  
**Ownership Rate, Canada, Provinces, Territories and Metropolitan Areas,**  
**1971-2006 (per cent)<sup>1</sup>**

	1971	1976	1981	1986	1991	1996	2001	2006
<b>Canada</b>	<b>60.3</b>	<b>61.8</b>	<b>62.1</b>	<b>62.1</b>	<b>62.6</b>	<b>63.6</b>	<b>65.8</b>	<b>68.4</b>
<b>Provinces and Territories</b>								
Newfoundland and Labrador	80.0	80.6	80.6	80.1	78.6	77.1	78.2	78.7
Prince Edward Island	74.3	76.6	75.7	74.0	73.6	72.1	73.1	74.1
Nova Scotia	71.2	72.4	71.5	71.6	70.6	70.4	70.8	72.0
New Brunswick	69.4	71.8	73.4	74.2	74.1	73.8	74.5	75.5
Quebec	47.4	50.4	53.3	54.7	55.5	56.5	57.9	60.1
Ontario	62.9	63.6	63.3	63.6	63.7	64.3	67.8	71.0
Manitoba	66.1	66.4	65.8	65.5	65.8	66.4	67.8	68.9
Saskatchewan	72.7	75.5	72.9	70.1	69.9	68.8	70.8	71.8
Alberta	63.9	64.8	63.1	61.7	63.9	67.8	70.4	73.1
British Columbia	63.3	65.3	64.4	62.2	63.8	65.2	66.3	69.7
Yukon	50.2	49.3	52.7	55.7	57.6	58.5	63.0	63.8
Northwest Territories <sup>2</sup>	24.7	25.0	22.6	27.6	31.5	38.6	53.1	52.8
Nunavut <sup>2</sup>	NA	NA	NA	NA	NA	NA	24.2	22.7
<b>Metropolitan Areas</b>								
St. John's	66.6	68.9	69.5	68.3	67.1	67.5	69.5	71.5
Halifax	53.2	55.7	55.6	58.3	58.0	59.9	61.7	64.0
Moncton	64.1	66.1	68.2	69.3	69.5	69.2	68.6	70.1
Saint John	52.0	56.8	59.6	61.6	63.4	65.6	67.4	70.0
Saguenay	55.5	60.3	62.0	61.5	60.9	60.8	62.3	63.3
Québec	43.8	46.6	50.9	52.9	53.6	54.9	55.5	58.6
Sherbrooke	43.9	48.0	49.4	50.1	49.2	50.2	51.9	53.5
Trois-Rivières	50.3	53.0	55.6	55.4	54.5	55.5	57.3	57.6
Montréal	35.5	38.4	41.9	44.7	46.7	48.5	50.2	53.4
Gatineau	58.6	59.7	59.1	59.2	59.8	61.5	62.4	67.5
Ottawa	50.1	50.1	51.4	50.0	54.4	58.2	61.4	66.7
Kingston	55.1	57.7	59.3	59.7	59.4	61.2	63.9	67.4
Peterborough	71.7	71.0	68.6	70.0	68.8	69.4	71.6	72.7
Oshawa	69.0	70.0	68.8	70.2	70.1	71.4	75.6	78.6
Toronto	55.4	56.7	57.3	58.3	57.9	58.4	63.2	67.6
Hamilton	63.9	63.8	63.4	64.6	64.6	65.2	68.3	71.6
St. Catharines-Niagara	72.2	72.9	71.6	72.0	71.4	70.7	73.2	74.6
Kitchener	60.8	60.4	60.8	61.9	61.5	62.4	66.7	69.8
Brantford	69.2	68.1	66.6	66.4	66.1	67.4	66.8	73.7
Guelph	64.5	62.4	61.2	62.5	61.8	62.1	68.4	71.2
London	60.1	59.5	58.0	57.8	57.6	60.0	62.8	65.9
Windsor	70.4	69.9	68.0	67.2	68.4	68.6	71.8	74.3
Barrie	70.0	72.8	71.6	72.4	71.5	71.7	77.3	80.7
Greater Sudbury	57.6	62.2	64.3	64.4	63.8	62.6	65.8	66.9
Thunder Bay	73.6	72.0	69.4	69.0	68.4	69.7	71.9	72.9
Winnipeg	59.6	59.2	59.1	60.8	62.0	63.9	65.5	67.2
Regina	60.9	66.2	65.4	65.7	66.2	66.0	68.2	70.1
Saskatoon	61.3	65.7	61.8	59.9	61.0	61.4	65.0	66.8
Calgary	56.5	59.2	58.4	57.9	60.6	65.5	70.6	74.1
Edmonton	57.1	58.1	57.9	57.1	59.2	64.4	66.3	69.2
Kelowna	70.8	73.0	71.5	67.1	71.1	72.4	73.5	77.3
Abbotsford	74.7	75.5	72.2	70.4	72.6	71.5	71.1	73.5
Vancouver	58.8	59.4	58.5	56.3	57.5	59.4	61.0	65.1
Victoria	61.5	61.2	59.8	59.2	61.1	62.1	63.1	64.7

<sup>1</sup> Ownership rates are computed as owners divided by total of all tenure types. Census Metropolitan Area data for 1971-1986 are based on 1986 CMA boundaries.

All other data for Census Metropolitan Areas have not been adjusted for boundary changes.

<sup>2</sup> In 1996 and prior years, the Northwest Territories included Nunavut.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: [www.cmhc.ca/observer](http://www.cmhc.ca/observer).

**TABLE 9**  
**Rental Vacancy Rate, Canada, Provinces and Metropolitan Areas,**  
**2002–2011 (per cent)<sup>1</sup>**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Canada</b>	<b>2.1</b>	<b>2.6</b>	<b>2.9</b>	<b>2.8</b>	<b>2.7</b>	<b>2.6</b>	<b>2.3</b>	<b>3.0</b>	<b>2.9</b>	<b>2.5</b>
<b>Provinces</b>										
Newfoundland and Labrador	3.0	3.3	4.1	4.6	4.1	2.1	1.1	1.0	1.0	1.3
Prince Edward Island	2.8	3.7	4.2	4.4	5.3	4.1	2.6	3.1	2.2	2.9
Nova Scotia	3.0	2.6	3.0	3.4	3.3	3.2	3.5	3.1	2.9	2.7
New Brunswick	4.2	4.3	5.3	5.0	6.0	5.3	3.6	3.8	4.5	4.8
Quebec	1.2	1.3	1.7	2.0	2.5	2.6	2.2	2.4	2.7	2.6
Ontario	2.7	3.5	4.1	3.8	3.4	3.3	2.7	3.5	2.9	2.2
Manitoba	1.4	1.6	1.4	1.9	1.6	1.5	0.9	1.1	0.9	1.0
Saskatchewan	3.9	4.1	5.3	4.5	3.3	1.2	1.2	1.5	2.2	1.9
Alberta	2.3	3.7	4.6	3.1	0.9	1.6	2.5	5.6	4.6	3.4
British Columbia	3.1	3.1	2.4	1.9	1.2	1.0	1.0	2.8	2.7	2.4
<b>Metropolitan Areas</b>										
St. John's	2.7	2.0	3.1	4.5	5.1	2.6	0.8	0.9	1.1	1.3
Halifax	2.7	2.3	2.9	3.3	3.2	3.1	3.4	2.9	2.6	2.4
Moncton	2.3	2.9	5.0	4.7	5.6	4.3	2.4	3.8	4.2	4.3
Saint John	6.3	5.2	5.8	5.7	6.8	5.2	3.1	3.6	5.1	5.9
Saguenay	4.9	5.2	5.3	4.5	4.1	2.8	1.6	1.5	1.8	1.4
Québec	0.3	0.5	1.1	1.4	1.5	1.2	0.6	0.6	1.0	1.6
Sherbrooke	1.8	0.7	0.9	1.2	1.2	2.4	2.8	3.9	4.6	4.7
Trois-Rivières	3.0	1.5	1.2	1.5	1.0	1.5	1.7	2.7	3.9	3.9
Montréal	0.7	1.0	1.5	2.0	2.7	2.9	2.4	2.5	2.7	2.5
Gatineau	0.5	1.2	2.1	3.1	4.2	2.9	1.9	2.2	2.5	2.2
Ottawa	1.9	2.9	3.9	3.3	2.3	2.3	1.4	1.5	1.6	1.4
Kingston	0.9	1.9	2.4	2.4	2.1	3.2	1.3	1.3	1.0	1.1
Peterborough	2.6	1.4	1.7	2.8	2.8	2.8	2.4	6.0	4.1	3.5
Oshawa	2.3	2.9	3.4	3.3	4.1	3.7	4.2	4.2	3.0	1.8
Toronto	2.5	3.8	4.3	3.7	3.2	3.2	2.0	3.1	2.1	1.4
Hamilton	1.6	3.0	3.4	4.3	4.3	3.5	3.2	4.0	3.7	3.4
St. Catharines-Niagara	2.4	2.7	2.6	2.7	4.3	4.0	4.3	4.4	4.4	3.2
Kitchener-Cambridge-Waterloo	2.3	3.2	3.5	3.3	3.3	2.7	1.8	3.3	2.6	1.7
Brantford	2.1	3.2	1.7	1.8	2.3	2.9	2.4	3.3	3.7	1.8
Guelph	2.7	3.9	3.3	3.6	2.8	1.9	2.3	4.1	3.4	1.1
London	2.0	2.1	3.7	4.2	3.6	3.6	3.9	5.0	5.0	3.8
Windsor	3.9	4.3	8.8	10.3	10.4	12.8	14.6	13.0	10.9	8.1
Barrie	1.4	3.3	3.0	2.1	2.8	3.2	3.5	3.8	3.4	1.7
Greater Sudbury/Grand Sudbury	5.1	3.6	2.6	1.6	1.2	0.6	0.7	2.9	3.0	2.8
Thunder Bay	4.7	3.3	5.0	4.6	4.9	3.8	2.2	2.3	2.2	1.7
Winnipeg	1.2	1.3	1.1	1.7	1.3	1.5	1.0	1.1	0.8	1.1
Regina	1.9	2.1	2.7	3.2	3.3	1.7	0.5	0.6	1.0	0.6
Saskatoon	3.7	4.5	6.3	4.6	3.2	0.6	1.9	1.9	2.6	2.6
Calgary	2.9	4.4	4.3	1.6	0.5	1.5	2.1	5.3	3.6	1.9
Edmonton	1.7	3.4	5.3	4.5	1.2	1.5	2.4	4.5	4.2	3.3
Kelowna	1.7	1.4	1.0	0.5	0.6	0.0	0.3	3.0	3.5	3.0
Abbotsford-Mission	2.0	2.5	2.8	3.8	2.0	2.1	2.6	6.1	6.5	6.7
Vancouver	1.4	2.0	1.3	1.4	0.7	0.7	0.5	2.1	1.9	1.4
Victoria	1.5	1.1	0.6	0.5	0.5	0.5	0.5	1.4	1.5	2.1
<b>Average of Metropolitan Areas<sup>2</sup></b>	<b>1.7</b>	<b>2.2</b>	<b>2.7</b>	<b>2.7</b>	<b>2.6</b>	<b>2.6</b>	<b>2.2</b>	<b>2.8</b>	<b>2.6</b>	<b>2.2</b>

<sup>1</sup> In privately initiated apartment structures with at least three units.

<sup>2</sup> Prior to 2002, Kingston and Abbotsford are not included in the average of metropolitan areas. Prior to 2007, Moncton, Peterborough, Brantford, Guelph, Barrie, and Kelowna are not included in the average of metropolitan areas.

Source: CMHC (Rental Market Survey)

For additional data, please refer to the CMHC website: [www.cmhc.ca/observer](http://www.cmhc.ca/observer).



**TABLE 10**  
**Average Rent for Two-Bedroom Apartments,**  
**Canada, Provinces and Metropolitan Areas, 2002–2011 (dollars)<sup>1</sup>**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Canada<sup>2</sup></b>	<b>694</b>	<b>704</b>	<b>720</b>	<b>732</b>	<b>755</b>	<b>772</b>	<b>804</b>	<b>812</b>	<b>835</b>	<b>856</b>
<b>Provinces</b>										
Newfoundland and Labrador	538	563	571	578	585	575	596	634	668	701
Prince Edward Island	566	585	603	612	631	648	660	688	719	745
Nova Scotia	669	684	711	726	760	777	795	838	851	882
New Brunswick	543	556	576	586	609	619	635	656	668	687
Quebec	531	553	572	591	607	616	628	640	666	684
Ontario	883	886	898	903	919	924	948	955	980	1,002
Manitoba	612	633	650	669	692	721	748	788	815	850
Saskatchewan	554	564	572	577	596	656	762	833	873	914
Alberta	734	745	754	765	866	1,008	1,074	1,042	1,034	1,042
British Columbia	795	806	821	844	885	922	969	1,001	1,019	1,050
<b>Metropolitan Areas</b>										
St. John's	589	607	618	634	635	614	630	677	725	771
Halifax	704	720	747	762	799	815	833	877	891	925
Moncton	578	588	611	612	636	643	656	675	691	715
Saint John	492	504	520	526	556	570	618	644	645	670
Saguenay	440	457	459	472	485	490	518	518	535	557
Québec	550	567	596	621	637	641	653	676	692	718
Sherbrooke	456	471	495	505	515	529	543	553	566	577
Trois-Rivières	431	436	457	474	488	487	505	520	533	547
Montréal	552	575	594	616	636	647	659	669	700	719
Gatineau	599	639	663	660	667	662	677	690	711	731
Ottawa	930	932	940	920	941	961	995	1,028	1,048	1,086
Kingston	727	768	785	807	841	856	880	909	935	965
Peterborough	718	728	775	797	818	822	850	875	890	899
Oshawa	819	845	852	855	861	877	889	900	903	941
Toronto	1,047	1,040	1,052	1,052	1,067	1,061	1,095	1,096	1,123	1,149
Hamilton	765	778	789	791	796	824	836	831	862	884
St. Catharines-Niagara	695	704	722	736	752	765	777	804	817	833
Kitchener-Cambridge-Waterloo	750	754	765	811	824	829	845	856	872	889
Brantford	665	675	684	722	712	749	752	754	778	792
Guelph	801	823	829	830	839	848	869	874	887	903
London	705	736	758	775	790	816	834	896	869	881
Windsor	769	776	776	780	774	773	772	747	752	753
Barrie	877	934	920	909	906	934	954	961	968	1,001
Greater Sudbury/Grand Sudbury	647	651	655	668	706	749	800	830	840	881
Thunder Bay	657	672	679	689	696	709	719	742	763	772
Winnipeg	622	645	664	683	709	740	769	809	837	875
Regina	581	589	602	607	619	661	756	832	881	932
Saskatoon	567	576	580	584	608	693	841	905	934	966
Calgary	804	804	806	808	960	1,089	1,148	1,099	1,069	1,084
Edmonton	709	722	730	732	808	958	1,034	1,015	1,015	1,034
Kelowna	680	697	723	755	800	846	967	897	898	922
Abbotsford-Mission	650	672	684	704	719	752	765	781	785	800
Vancouver	954	965	984	1,004	1,045	1,084	1,124	1,169	1,195	1,237
Victoria	771	789	799	837	874	907	965	1,001	1,024	1,045

<sup>1</sup> In privately initiated apartment structures with at least three units.<sup>2</sup> Only includes provincial data.

Source: CMHC (Rental Market Survey)

TABLE 11

## Households by Age of Maintainer and Tenure, Canada, 1971-2006

	1971	1976	1981	1986	1991	1996	2001	2006
<b>Total Households</b>								
15-24	413,570	584,270	674,825	535,945	466,225	437,460	447,165	456,625
25-34	1,262,315	1,678,965	2,036,370	2,124,040	2,219,995	2,045,210	1,792,025	1,782,270
35-44	1,250,530	1,339,425	1,589,410	1,971,475	2,363,020	2,630,170	2,747,615	2,591,890
45-54	1,172,285	1,305,650	1,370,800	1,412,515	1,666,415	2,102,365	2,509,625	2,829,775
55-64	955,825	1,079,005	1,215,890	1,327,005	1,379,945	1,434,725	1,659,775	2,130,820
65-74	627,395	763,350	905,740	1,021,305	1,168,255	1,280,605	1,324,885	1,387,285
75+	352,590	415,430	488,490	599,385	754,405	889,510	1,081,880	1,258,805
<b>Total</b>	<b>6,034,505</b>	<b>7,166,095</b>	<b>8,281,535</b>	<b>8,991,670</b>	<b>10,018,265</b>	<b>10,820,050</b>	<b>11,562,975</b>	<b>12,437,470</b>
<b>Owners</b>								
15-24	57,750	111,125	127,180	88,815	64,625	61,670	70,990	96,380
25-34	541,240	866,895	1,064,390	1,029,220	1,043,470	936,020	837,010	914,485
35-44	838,995	949,750	1,142,890	1,374,245	1,606,665	1,741,120	1,844,450	1,797,405
45-54	851,190	970,265	1,037,395	1,062,030	1,246,970	1,555,580	1,868,280	2,135,865
55-64	682,985	775,350	894,035	989,245	1,041,660	1,093,570	1,276,610	1,654,860
65-74	432,440	504,665	595,650	695,155	824,185	936,610	997,030	1,056,105
75+	232,330	253,190	280,405	342,175	445,450	553,210	716,015	854,680
<b>Total</b>	<b>3,636,925</b>	<b>4,431,230</b>	<b>5,141,935</b>	<b>5,580,875</b>	<b>6,273,030</b>	<b>6,877,780</b>	<b>7,610,390</b>	<b>8,509,780</b>
<b>Renters</b>								
15-24	355,820	473,150	547,645	443,735	399,360	372,805	373,060	357,010
25-34	721,070	812,075	971,985	1,083,920	1,168,780	1,098,795	943,670	857,475
35-44	411,535	389,670	446,520	588,310	750,085	879,555	890,540	781,090
45-54	321,095	335,390	333,405	343,705	415,175	540,525	633,160	683,720
55-64	272,845	303,655	321,860	332,095	335,185	337,020	378,015	469,565
65-74	194,955	258,685	310,095	321,750	342,100	341,440	324,590	327,400
75+	120,260	162,240	208,080	254,975	307,840	335,010	364,135	402,240
<b>Total</b>	<b>2,397,580</b>	<b>2,734,860</b>	<b>3,139,595</b>	<b>3,368,485</b>	<b>3,718,525</b>	<b>3,905,145</b>	<b>3,907,170</b>	<b>3,878,500</b>
<b>Avg. Household Size</b>	<b>3.5</b>	<b>3.1</b>	<b>2.9</b>	<b>2.8</b>	<b>2.7</b>	<b>2.6</b>	<b>2.6</b>	<b>2.5</b>

Total household counts for 1986-2006 include households in on-reserve (1986) or band housing (1991, 1996, 2001, 2006) and are therefore larger than the sum of owners and renters.

Components may not add up to totals due to rounding.

Source: Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: [www.cmhc.ca/observer](http://www.cmhc.ca/observer).

TABLE 12

## Households by Type and Tenure, Canada, 1971-2006

	1971	1976	1981	1986	1991	1996	2001	2006
<b>Total Households</b>								
All household types	6,034,505	7,166,095	8,281,535	8,991,670	10,018,265	10,820,050	11,562,975	12,437,470
Family households	4,928,130	5,633,945	6,231,485	6,634,995	7,235,230	7,685,470	8,155,560	8,651,330
One-family households	4,807,010	5,542,295	6,140,330	6,537,880	7,118,660	7,540,625	7,951,960	8,421,050
Couples with children	3,028,315	3,266,655	3,523,205	3,604,045	3,729,800	3,853,800	3,857,620	3,902,390
Couples without children	1,354,970	1,759,510	1,948,700	2,130,935	2,485,115	2,608,435	2,910,180	3,242,530
Lone parents	423,725	516,125	668,425	802,905	903,745	1,078,385	1,184,165	1,276,130
Multiple-family households	121,120	91,655	91,160	97,115	116,575	144,845	203,600	230,280
Non-family households	1,106,375	1,532,150	2,050,045	2,356,675	2,783,035	3,134,580	3,407,415	3,786,130
One person only	810,395	1,205,340	1,681,130	1,934,710	2,297,060	2,622,180	2,976,880	3,327,045
Two or more persons	295,980	326,810	368,915	421,965	485,975	512,400	430,535	459,085
<b>Owners</b>								
All household types	3,636,925	4,431,230	5,141,935	5,580,875	6,273,030	6,877,780	7,610,385	8,509,780
Family households	3,220,840	3,918,915	4,465,250	4,755,765	5,240,405	5,626,670	6,145,835	6,737,530
One-family households	3,124,275	3,842,355	4,390,265	4,677,435	5,145,490	5,511,500	5,985,695	6,550,125
Couples with children	2,095,895	2,488,795	2,807,650	2,868,915	2,975,720	3,083,980	3,148,020	3,268,070
Couples without children	820,960	1,106,650	1,267,930	1,445,650	1,765,205	1,954,540	2,239,700	2,581,035
Lone parents	207,420	246,910	314,685	362,870	404,565	472,980	597,970	701,020
Multiple-family households	96,560	76,560	74,985	78,330	94,910	115,170	160,140	187,405
Non-family households	416,085	512,320	676,690	825,110	1,032,630	1,251,110	1,464,555	1,772,240
One person only	299,805	391,475	539,200	668,270	848,310	1,050,520	1,307,170	1,590,125
Two or more persons	116,285	120,850	137,490	156,845	184,325	200,595	157,380	182,115
<b>Renters</b>								
All household types	2,397,580	2,734,860	3,139,595	3,368,485	3,718,525	3,905,145	3,907,170	3,878,500
Family households	1,707,290	1,715,035	1,766,240	1,845,340	1,972,740	2,028,420	1,972,310	1,874,090
One-family households	1,682,735	1,699,940	1,750,065	1,828,435	1,952,400	2,000,890	1,933,895	1,837,590
Couples with children	932,420	777,860	715,555	715,655	740,235	752,150	690,815	616,430
Couples without children	534,015	652,860	680,770	679,600	717,520	650,285	666,775	657,110
Lone parents	216,310	269,220	353,745	433,180	494,645	598,450	576,290	564,050
Multiple-family households	24,555	15,095	16,170	16,900	20,340	27,530	38,415	36,500
Non-family households	690,290	1,019,825	1,373,355	1,523,145	1,745,785	1,876,725	1,934,860	2,004,410
One person only	510,595	813,865	1,141,935	1,260,065	1,445,450	1,566,635	1,662,845	1,728,725
Two or more persons	179,695	205,960	231,425	263,085	300,330	310,095	272,015	275,685

Total household counts for 1986-2006 include households in on-reserve (1986) or band housing (1991, 1996, 2001, 2006) and are therefore larger than the sum of owners and renters.

Because of changes to the definition of census family, household-type data for 2001 and 2006 — except for one-person households — are not strictly comparable to data from earlier censuses.

Components may not add up to totals due to rounding.

Source: Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC website: [www.cmhc.ca/observer](http://www.cmhc.ca/observer).

**TABLE 13**  
**Housing Profile of One-Person and Lone-Parent Households by Gender,**  
**Canada, 2006**

	All private households	One-person households			Lone-parent households		
		Total	Female	Male	Total	Female	Male
Total households <sup>1</sup>							
Number of households	12,437,465	3,327,050	1,845,285	1,481,770	1,276,130	1,028,350	247,780
Average household income before taxes in 2005 (\$)	69,548	35,372	31,786	39,839	49,721	46,126	64,644
Average household income after taxes in 2005 (\$)	57,217	29,265	26,914	32,192	43,335	40,854	53,631
Average monthly shelter costs (\$) <sup>2</sup>	915	690	670	716	866	854	913
Single-detached houses	6,879,965	1,092,710	564,180	528,535	574,830	437,150	137,680
Semi-detached houses	595,615	114,725	69,585	45,140	88,395	74,220	14,175
Row houses	695,145	162,590	103,785	58,805	137,990	121,015	16,980
Duplex apartments	665,200	200,700	107,190	93,515	84,325	68,075	16,255
Apartments in buildings that have fewer than five storeys	2,288,295	1,123,840	628,140	495,695	269,050	224,410	44,645
Apartments in buildings that have five or more storeys	1,112,965	568,360	343,825	224,530	100,020	86,795	13,230
Other dwellings <sup>3</sup>	200,275	64,125	28,580	35,545	21,510	16,695	4,820
Part of a condominium <sup>4</sup>	915,725	378,625	251,885	126,740	80,595	68,030	12,565
Owner households							
Number of households	8,509,785	1,590,130	897,890	692,235	701,030	540,250	160,775
Average household income before taxes in 2005 (\$)	83,439	43,651	38,816	49,922	61,773	57,998	74,455
Average household income after taxes in 2005 (\$)	67,737	35,276	32,100	39,396	52,576	50,137	60,772
Average monthly shelter costs (\$) <sup>2</sup>	996	739	692	802	967	962	984
Single-detached houses	6,329,205	947,900	501,690	446,210	478,160	358,490	119,670
Semi-detached houses	452,965	79,240	50,155	29,080	54,420	45,000	9,425
Row houses	439,180	108,915	72,390	36,530	59,315	50,665	8,650
Duplex apartments	335,830	70,495	38,325	32,170	32,985	24,975	8,005
Apartments in buildings that have fewer than five storeys	507,850	205,195	129,985	75,210	42,810	34,195	8,615
Apartments in buildings that have five or more storeys	288,795	131,975	84,200	47,770	18,850	15,840	3,010
Other dwellings <sup>3</sup>	155,950	46,410	21,150	25,260	14,485	11,080	3,410
Part of a condominium <sup>4</sup>	915,725	378,625	251,890	126,735	80,595	68,035	12,565
Homeowners with mortgages <sup>5</sup>	4,858,785	705,650	340,365	365,285	442,115	338,760	103,355
Homeowners without mortgages <sup>5</sup>	3,557,195	876,285	555,805	320,475	255,380	199,505	55,875
Renter households							
Number of households	3,878,505	1,728,730	944,520	784,210	564,050	479,610	84,440
Average household income before taxes in 2005 (\$)	39,519	27,852	25,146	31,111	35,205	33,121	47,047
Average household income after taxes in 2005 (\$)	34,438	23,804	22,016	25,958	32,195	30,679	40,807
Average monthly shelter costs (\$) <sup>2</sup>	738	645	649	640	739	732	779
Single-detached houses	507,550	138,010	60,205	77,805	87,025	71,300	15,725
Semi-detached houses	141,385	35,185	19,300	15,885	33,710	29,010	4,700
Row houses	254,335	53,230	31,195	22,035	78,240	69,985	8,255
Duplex apartments	329,080	130,130	68,825	61,305	51,275	43,040	8,240
Apartments in buildings that have fewer than five storeys	1,779,910	918,450	498,070	420,385	226,130	190,110	36,015
Apartments in buildings that have five or more storeys	824,050	436,380	259,625	176,760	81,135	70,925	10,210
Other dwellings <sup>3</sup>	42,195	17,345	7,305	10,035	6,530	5,235	1,300
Part of a condominium <sup>4</sup>	NA	NA	NA	NA	NA	NA	NA

<sup>1</sup> Where band housing is present, total household counts are larger than the sum of owner and renter households.

<sup>2</sup> The Census does not collect shelter costs for households living in band housing or for farm operators. For renters, shelter costs include rent and any payments for electricity, fuel, water and other municipal services. For owners, shelter costs include mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water and other municipal services.

<sup>3</sup> Other dwellings comprise other single-attached houses, mobile homes, and other movable dwellings.

<sup>4</sup> The 2006 Census did not ask whether rented units were part of a condominium.

<sup>5</sup> Mortgage data exclude farm operators.

Source: Statistics Canada (Census of Canada)

**TABLE 14**  
**Household Growth Summary, Canada, Provinces, Territories**  
**and Census Metropolitan Areas, 2006–2011**

	2006	2011	Growth (per cent)	Avg. Annual Growth
<b>Canada</b>	<b>12,435,520</b>	<b>13,320,614</b>	<b>7.1</b>	<b>177,019</b>
<b>Provinces and Territories</b>				
Newfoundland and Labrador	197,245	208,842	5.9	2,319
Prince Edward Island	53,084	56,462	6.4	676
Nova Scotia	376,829	390,279	3.6	2,690
New Brunswick	295,871	314,007	6.1	3,627
Quebec	3,188,713	3,395,343	6.5	41,326
Ontario	4,554,251	4,887,508	7.3	66,651
Manitoba	448,766	466,138	3.9	3,474
Saskatchewan	387,160	409,645	5.8	4,497
Alberta	1,256,192	1,390,275	10.7	26,817
British Columbia	1,642,715	1,764,637	7.4	24,384
Yukon	12,615	14,117	11.9	300
Northwest Territories	14,224	14,700	3.3	95
Nunavut	7,855	8,661	10.3	161
<b>Census Metropolitan Areas</b>				
St. John's	70,663	78,960	11.7	1,659
Halifax	155,138	165,153	6.5	2,003
Moncton	51,593	58,294	13.0	1,340
Saint John	49,107	52,281	6.5	635
Saguenay	66,251	69,507	4.9	651
Québec	318,001	345,892	8.8	5,578
Sherbrooke	84,605	91,099	7.7	1,299
Trois-Rivières	65,153	70,138	7.7	997
Montréal	1,525,625	1,613,260	5.7	17,527
Ottawa-Gatineau	450,333	498,636	10.7	9,661
Kingston	61,978	65,965	6.4	797
Peterborough	46,667	48,848	4.7	436
Oshawa	119,028	129,698	9.0	2,134
Toronto	1,801,071	1,989,705	10.5	37,727
Hamilton	266,377	282,186	5.9	3,162
St. Catharines-Niagara	156,386	160,455	2.6	814
Kitchener-Waterloo-Cambridge	169,063	181,493	7.4	2,486
Brantford	47,847	52,726	10.2	976
Guelph	51,116	54,868	7.3	750
London	184,946	195,056	5.5	2,022
Windsor	125,848	126,843	0.8	199
Barrie	63,877	68,495	7.2	924
Greater Sudbury/Grand Sudbury	65,076	67,767	4.1	538
Thunder Bay	51,426	52,062	1.2	127
Winnipeg	281,745	291,316	3.4	1,914
Regina	80,323	85,731	6.7	1,082
Saskatoon	95,257	104,237	9.4	1,796
Calgary	415,592	464,001	11.6	9,682
Edmonton	405,311	450,786	11.2	9,095
Kelowna	66,925	74,942	12.0	1,603
Abbotsford-Mission	55,948	59,317	6.0	674
Vancouver	817,033	891,336	9.1	14,861
Victoria	145,388	153,328	5.5	1,588

Data for 2006 are based on 2011 Census Metropolitan Area boundaries. Between 2006 and 2011, CMA boundaries changed in Saguenay, Québec, Sherbrooke, Trois-Rivières, Montréal, Ottawa-Gatineau, and Guelph.

Data are census-based estimates of dwellings occupied by usual residents, which were released by Statistics Canada on February 8, 2012.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

TABLE 15

### Households in Core Housing Need, Canada, Provinces, Territories and Census Metropolitan Areas, 1991-2006

	Number of Households in Core Housing Need (000's)				Incidence of Core Housing Need (%)			
	1991	1996	2001	2006	1991	1996	2001	2006
<b>Canada</b>	<b>1,270.0</b>	<b>1,567.2</b>	<b>1,485.3</b>	<b>1,494.4</b>	<b>13.6</b>	<b>15.6</b>	<b>13.7</b>	<b>12.7</b>
<b>Provinces and Territories</b>								
Newfoundland and Labrador	24.6	26.3	26.6	27.3	14.5	14.8	14.6	14.2
Prince Edward Island	5.6	6.1	6.2	6.4	13.4	13.4	12.9	12.6
Nova Scotia	42.1	48.1	51.6	43.8	13.6	14.9	15.2	12.1
New Brunswick	39.4	34.7	30.0	29.4	16.2	13.6	11.2	10.3
Québec	360.0	426.7	352.4	324.6	14.5	16.3	12.5	10.6
Ontario	408.0	594.3	599.7	627.5	11.9	16.1	15.1	14.5
Manitoba	50.5	55.0	45.4	46.9	13.9	14.7	11.6	11.3
Saskatchewan	45.4	39.7	37.2	40.8	14.9	12.6	11.5	11.8
Alberta	105.8	100.8	106.3	119.1	12.8	11.3	10.5	10.1
British Columbia	182.5	229.0	223.7	221.5	15.6	17.4	15.8	14.6
Yukon	1.5	2.0	1.6	1.9	16.3	19.2	15.8	16.3
Northwest Territories <sup>1</sup>	4.5	4.7	2.1	2.4	28.9	25.4	17.4	17.5
Nunavut <sup>1</sup>	NA	NA	2.7	2.9	NA	NA	38.8	37.3
<b>Census Metropolitan Areas<sup>2</sup></b>	<b>852.6</b>	<b>1,063.3</b>	<b>1,033.4</b>	<b>1,093.0</b>	<b>14.4</b>	<b>16.7</b>	<b>14.7</b>	<b>13.6</b>
St. John's	7.6	8.6	8.4	9.3	14.2	15.0	13.5	13.5
Halifax	16.4	20.1	22.4	20.2	14.4	16.6	16.3	13.6
Moncton <sup>4</sup>	5.3	5.4	4.9	5.4	14.1	13.2	10.8	10.8
Saint John	6.1	6.4	5.2	4.6	14.0	14.3	11.2	9.6
Saguenay	5.7	7.4	6.6	5.1	10.6	13.3	11.2	8.2
Québec	32.9	40.0	34.6	28.7	13.6	15.3	12.3	9.3
Sherbrooke	8.0	9.2	7.6	7.6	15.2	16.2	12.0	9.5
Trois - Rivières	7.7	8.8	7.3	7.6	15.0	16.3	12.9	12.3
Montréal	200.3	238.3	189.0	184.6	17.1	19.0	14.1	12.6
Ottawa - Gatineau (Total)	37.8	54.9	54.5	52.4	11.3	15.0	13.7	12.1
Gatineau	8.8	12.7	10.9	11.6	11.0	14.3	11.0	10.3
Ottawa	29.0	42.2	43.6	40.8	11.4	15.2	14.5	12.7
Kingston <sup>3</sup>	5.5	8.0	8.3	7.5	11.2	15.5	15.0	12.7
Peterborough <sup>4</sup>	4.5	5.7	5.0	6.2	13.2	16.0	13.2	14.0
Oshawa	8.6	11.8	12.0	13.3	10.8	13.1	12.0	11.6
Toronto	176.3	269.7	295.5	322.4	13.5	19.3	19.1	19.0
Hamilton	22.9	33.6	33.0	33.1	10.8	15.0	13.7	12.9
St. Catharines-Niagara	14.0	19.8	18.5	18.4	10.8	14.5	12.9	12.2
Kitchener	12.7	18.2	17.2	16.8	10.3	13.5	11.6	10.3
Brantford <sup>4</sup>	4.1	6.0	5.2	5.3	11.8	16.7	15.9	11.4
Guelph <sup>4</sup>	3.2	5.1	4.6	5.5	9.3	13.6	10.7	11.8
London	16.5	23.1	21.6	22.6	11.9	15.7	13.2	12.8
Windsor	11.2	13.9	14.4	15.3	12.1	13.9	12.8	12.7
Barrie <sup>4</sup>	3.7	6.4	7.1	8.3	11.7	16.1	14.2	13.5
Greater Sudbury	6.5	9.0	7.4	6.3	11.8	15.2	12.4	10.0
Thunder Bay	4.9	6.2	5.6	5.4	10.9	13.2	11.9	10.9
Winnipeg	35.4	38.0	28.1	28.4	14.6	15.3	10.8	10.4
Regina	10.1	8.6	7.4	7.4	14.8	12.2	10.1	9.6
Saskatoon	13.3	10.6	9.0	8.5	17.7	13.4	10.7	9.3
Calgary	32.0	32.3	38.3	36.1	12.1	11.1	11.2	9.0
Edmonton	36.5	33.3	36.7	41.2	12.6	11.0	10.9	10.6
Kelowna <sup>4</sup>	4.8	7.3	6.3	6.6	12.1	15.2	11.8	11.1
Abbotsford <sup>3</sup>	4.0	6.2	5.5	6.8	10.9	14.3	11.5	12.9
Vancouver	111.1	122.4	122.3	129.1	19.1	19.0	17.3	17.0
Victoria	18.1	19.2	17.1	16.9	15.9	15.7	13.4	12.4

<sup>1</sup> In 1999, Nunavut was established as a territory distinct from the Northwest Territories (N.W.T.). As a result, beginning with the 2001 Census, data for Nunavut are presented exclusive of N.W.T.

<sup>2</sup> A Census Metropolitan Area (CMA) is an area consisting of one or more adjacent municipalities situated around a major urban core with a population of at least 100,000. The CMA total represents all the CMAs in Canada at the time of each census. Note that it is adjusted neither for changes in CMA boundaries nor for changes in the number of CMAs between census years.

<sup>3</sup> Kingston and Abbotsford were not CMAs in 1991 and 1996 and therefore their data are not included in the CMA total for these years.

<sup>4</sup> Moncton, Peterborough, Brantford, Guelph, Barrie and Kelowna were not CMAs in 1991, 1996 and 2001 and therefore their data are not included in the CMA total for these years.

These data, from the Census of Canada, apply to all non-farm, non-band, non-reserve private households reporting positive incomes and shelter-cost-to-income ratios less than 100%.

**Income data** collected by the Census of Canada refer to the calendar year preceding the census, while shelter cost data give expenses for the current year. Shelter-cost-to-income ratios are computed directly from these data, that is, by comparing current shelter costs to incomes from the previous year.

**Acceptable housing** is defined as adequate and suitable shelter that can be obtained without spending 30% or more of before-tax household income. Adequate shelter is housing that is not in need of major repair. Suitable shelter is housing that is not crowded, meaning that it has sufficient bedrooms for the size and make-up of the occupying household. The subset of households classified as living in unacceptable housing and unable to access acceptable housing is considered to be in core housing need.

Components may not add up to totals due to rounding.

Source: CMHC (census-based housing indicators and data)

For additional data, please refer to the CMHC website: [www.cmhc.ca/observer](http://www.cmhc.ca/observer).



TABLE 16

## Characteristics of Households in Core Housing Need, Canada, 2006

	All Households		Renters		Owners	
	Households in Core Housing Need (#)	Incidence of Core Housing Need (%)	Households in Core Housing Need (#)	Incidence of Core Housing Need (%)	Households in Core Housing Need (#)	Incidence of Core Housing Need (%)
<b>All Households</b>	<b>1,494,395</b>	<b>12.7</b>	<b>981,750</b>	<b>27.2</b>	<b>512,645</b>	<b>6.3</b>
<i>Components:</i>						
<i>Below Affordability Standard Only</i>	1,072,760	9.1	693,905	19.2	378,855	4.6
<i>Below Suitability Standard Only</i>	73,895	0.6	58,150	1.6	15,745	0.2
<i>Below Adequacy Standard Only</i>	70,010	0.6	27,920	0.8	42,090	0.5
<i>Below Multiple Housing Standards</i>	277,725	2.4	201,775	5.6	75,955	0.9
<b>Household Type</b>						
Senior-led	369,860	14.4	223,145	31.4	146,715	7.9
Family	77,300	5.4	32,370	15.3	44,930	3.7
Non-family	292,560	25.6	190,780	38.2	101,780	15.8
Individuals living alone	287,445	26.2	187,985	38.8	99,455	16.3
Female	227,845	28.4	148,380	40.9	79,470	18.0
Male	59,600	20.4	39,610	32.6	19,985	11.7
Non-senior-led	1,124,535	12.2	758,605	26.2	365,930	5.8
Family	683,435	10.0	419,150	26.7	264,285	5.0
Couples with children	258,540	7.2	130,660	23.0	127,880	4.3
Couples without children	115,005	5.5	67,135	14.0	47,870	3.0
Lone-parent families	293,605	28.6	214,120	43.5	79,480	14.9
Female	261,750	31.7	193,675	46.2	68,075	16.8
Male	31,850	15.9	20,445	27.9	11,405	9.0
Non-family	441,105	18.9	339,460	25.6	101,650	10.0
Individuals living alone	394,390	20.1	303,310	27.9	91,085	10.4
Female	197,370	21.7	149,570	29.7	47,805	11.7
Male	197,020	18.8	153,740	26.4	43,285	9.3
Individuals sharing with others	46,715	12.4	36,145	15.1	10,565	7.6
<b>Aboriginal Status</b>						
Non-Aboriginal household	1,412,580	12.4	918,690	26.8	493,890	6.2
Aboriginal household	81,810	20.4	63,065	34.9	18,750	8.5
Status Indian	38,740	24.8	31,440	37.9	7,305	10.0
Non-Status Indian	15,860	20.3	12,440	35.1	3,415	8.0
Métis	33,145	16.2	23,260	30.1	9,880	7.7
Inuit	5,705	35.8	4,835	46.4	865	15.6
<b>Period of Immigration</b>						
Non-immigrant	995,705	11.0	676,055	24.5	319,650	5.1
Immigrant	480,420	18.2	289,825	36.4	190,595	10.3
Prior to 1981	170,835	12.5	87,365	32.4	83,470	7.6
1981 to 1990	82,480	18.7	48,615	35.3	33,865	11.2
1991 to 1995	67,500	22.9	40,045	37.3	27,455	14.7
1996 to 2000	64,160	24.0	38,210	34.9	25,945	16.4
2001 to 2006	95,445	35.4	75,590	44.1	19,860	20.2

These data, from the Census of Canada, apply to all non-farm, non-band, non-reserve private households reporting positive incomes and shelter-cost-to-income ratios less than 100%.

Income data collected by the Census of Canada refer to the calendar year preceding the census, while shelter cost data give expenses for the current year. Shelter-cost-to-income ratios are computed directly from these data, that is, by comparing current shelter costs to incomes from the previous year.

Acceptable housing is defined as adequate and suitable shelter that can be obtained without spending 30% or more of before-tax household income. Adequate shelter is housing that is not in need of major repair. Suitable shelter is housing that is not crowded, meaning that it has sufficient bedrooms for the size and make-up of the occupying household. The subset of households classified as living in unacceptable housing and unable to access acceptable housing is considered to be in core housing need.

Components may not add up to totals due to rounding.

Source: CMHC (census-based housing indicators and data)

For additional data, please refer to the CMHC website: [www.cmhc.ca/observer](http://www.cmhc.ca/observer).

TABLE 17

**Real Median After-Tax Household Income, Canada, Provinces and  
Selected Metropolitan Areas, 2002-2010 (2010 constant dollars)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Canada</b>	<b>48,700</b>	<b>48,500</b>	<b>48,900</b>	<b>50,000</b>	<b>51,500 a</b>	<b>52,800 a</b>	<b>53,900 a</b>	<b>53,800 a</b>	<b>53,300 a</b>
<b>Provinces</b>									
Newfoundland and Labrador	39,600	40,000	39,900	40,500	43,100 a	45,500 b	46,700 b	48,200 a	48,800 a
Prince Edward Island	41,200	42,500	42,900	44,300	44,800 b	47,100 b	49,000 b	49,400 b	49,200 b
Nova Scotia	41,700	41,100	43,000	43,300	44,600 a	46,800 a	45,600 a	46,200 a	47,000 a
New Brunswick	41,900	41,600	41,500	41,700	42,900 a	45,200 a	45,700 a	46,600 b	48,000 a
Quebec	42,500	42,600	42,500	42,700	44,300 a	45,000 a	44,200 a	46,700 a	45,900 a
Ontario	55,700	55,600	55,300	56,000	56,400 a	58,000 a	58,400 a	58,400 a	58,600 a
Manitoba	44,000	44,600	45,100	46,200	46,700 a	49,000 a	51,400 a	52,100 a	51,400 b
Saskatchewan	43,200	43,700	43,400	45,000	46,500 a	49,700 a	52,200 a	53,600 a	53,800 a
Alberta	56,300	55,300	58,800	60,100	63,700 a	66,300 a	68,100 a	67,100 a	66,400 a
British Columbia	47,100	47,300	49,000	50,700	53,400 a	54,000 a	56,400 a	54,100 a	53,200 a
<b>Metropolitan Areas</b>									
St. John's	43,400	44,100	44,800	45,700	46,300 c	49,800 c	53,400 c	54,500 c	56,000 c
Halifax	45,500	44,200	47,000	46,800	47,300 c	51,400 b	50,300 b	51,100 c	53,800 b
Saint John	45,600	45,300	46,000	44,900	47,800 c	48,400 c	56,500 c	57,400 c	58,300 c
Saguenay	40,700	38,500	39,600	40,600	41,100 b	40,600 c	40,100 c	44,800 c	45,000 c
Québec	48,400	46,400	46,900	45,800	46,100 c	47,500 c	52,200 c	52,400 c	53,600 c
Sherbrooke	38,500	41,300	41,900	39,600	40,100 c	42,600 c	41,600 c	42,900 c	46,400 d
Trois-Rivières	40,400	36,900	39,400	34,700	36,100 c	40,200 c	40,700 c	41,600 c	41,600 c
Montréal	44,400	45,600	45,300	44,300	45,600 b	46,300 b	44,700 b	47,100 b	45,500 b
Ottawa-Gatineau	58,700	58,300	61,400	57,500	58,600 c	60,600 c	61,500 c	63,200 c	64,200 c
Kingston	51,100	53,900	55,200	47,500	50,300 d	52,500 c	61,400 c	51,600 d	48,700 d
Oshawa	60,900	65,300	62,500	63,200	60,500 c	62,500 c	61,200 c	62,700 c	62,300 c
Toronto	60,800	61,600	60,000	60,200	60,000 b	61,900 b	62,300 b	62,600 b	65,900 b
Hamilton	61,800	60,600	59,800	56,800	61,100 c	61,800 c	61,400 c	64,400 c	63,800 c
St. Catharines-Niagara	56,500	57,500	56,100	50,200	53,000 c	51,000 c	51,400 c	53,300 c	54,600 c
Kitchener	54,000	54,600	55,200	53,200	56,100 c	56,200 c	54,800 c	58,500 d	56,000 c
London	49,400	48,600	49,000	55,400	56,400 b	61,200 c	54,500 c	54,200 c	49,000 c
Windsor	56,300	56,200	55,900	55,800	56,800 c	56,700 c	54,200 c	50,300 c	55,300 c
Greater Sudbury	46,700	45,000	45,600	48,400	50,600 c	51,400 c	49,800 c	47,700 c	46,800 c
Thunder Bay	50,800	52,400	53,800	53,500	54,600 c	59,000 c	56,500 c	55,400 c	50,800 d
Winnipeg	47,100	48,200	49,800	49,300	48,600 b	51,200 b	54,800 b	55,200 b	55,100 b
Regina	53,700	51,200	50,300	54,400	54,800 c	56,200 c	59,200 c	65,700 c	65,700 c
Saskatoon	46,400	48,700	47,300	45,600	48,200 c	52,400 b	53,400 c	54,600 b	54,400 b
Calgary	62,300	58,100	63,400	61,300	67,300 b	70,300 b	69,800 c	68,900 c	70,700 c
Edmonton	55,400	58,700	59,300	60,100	62,200 b	66,300 b	67,000 b	64,300 c	66,300 b
Abbotsford	45,900	44,100	46,000	54,700	57,800 d	61,100 c	58,900 d	58,800 c	58,600 c
Vancouver	50,600	52,400	52,200	53,500	58,400 b	59,500 b	58,000 c	55,400 c	54,500 b
Victoria	47,600	45,600	47,600	48,700	48,800 c	49,100 c	60,200 c	56,800 c	53,100 d

All data are rounded to the nearest \$100.

Data quality indicators are based on the coefficient of variation (CV) and number of observations: a - Excellent (CV between 0% and 2%); b - Very good (CV between 2% and 4%);

c - Good (CV between 4% and 8%); d - Acceptable (CV between 8% and 16%); e - Use with caution (CV greater than or equal to 16%); f - Too unreliable to be published.

Source: Statistics Canada (Survey of Consumer Finances - 1990-1993; Survey of Consumer Finances and Survey of Labour and Income Dynamics - 1994-1997; Survey of Labour and Income Dynamics - 1998-2010)

TABLE 18

**Home Equity and Net Worth by Tenure and Age Group,  
Canada, 1999 and 2005 (2005 constant dollars)**

Age Group <sup>2</sup>	Renters <sup>1</sup>		Owned with a Mortgage		Owned without a Mortgage		All Owners		All Households	
	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average
<b>Equity in Principal Residence<sup>3</sup></b>										
<b>2005</b>										
<b>All ages</b>	0	0	84,000	120,000	175,000	228,000	121,000	169,000	58,000	110,000
Less than 65	0	0	81,000	119,000	180,000	232,000	110,000	158,000	48,000	101,000
65 years or older	0	0	NA	NA	168,000	222,000	160,000	212,000	100,000	149,000
<b>1999</b>										
<b>All ages</b>	0	0	58,000	83,000	138,000	173,000	92,000	125,000	37,000	78,000
Less than 65	0	0	58,000	82,000	144,000	183,000	82,000	117,000	30,000	72,000
65 years or older	0	0	78,000	101,000	136,000	159,000	127,000	153,000	81,000	104,000
<b>Net Worth<sup>4</sup></b>										
<b>2005</b>										
<b>All ages</b>	14,000	69,000	219,000	378,000	525,000	764,000	327,000	552,000	166,000	383,000
Less than 65	11,000	54,000*	216,000	377,000	561,000	826,000	289,000	530,000	141,000	359,000
65 years or older	40,000*	147,000	355,000	404,000	491,000	670,000	462,000	638,000	309,000	491,000
<b>1999</b>										
<b>All ages</b>	14,000	71,000	169,000	284,000	402,000	599,000	257,000	430,000	136,000	296,000
Less than 65	12,000	58,000	166,000	279,000	439,000	659,000	229,000	412,000	114,000	276,000
65 years or older	43,000	132,000	278,000	407,000	355,000	511,000	349,000	501,000	245,000	382,000

<sup>1</sup> Includes households occupying their homes rent free.<sup>2</sup> Age of the highest income earner in the household. Where owners and renters are both present, refers to the owner with the highest income.<sup>3</sup> Home equity is the value of the principal residence less any outstanding mortgages.<sup>4</sup> Includes the value of employer pension plan benefits. Net worth is the difference between a household's assets and its liabilities.

All dollar figures are rounded to the nearest \$1,000.

NA - Not available. Suppressed by Statistics Canada to meet the confidentiality requirements of the Statistics Act.

\* Use with caution.

Source: CMHC, adapted from Statistics Canada (Survey of Financial Security)

For additional data, please refer to the CMHC website: [www.cmhc.ca/observer](http://www.cmhc.ca/observer)

TABLE 19

## National Mortgage Market Highlights, 2002-2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Residential Mortgages Outstanding, year-end (\$ billions)<sup>1</sup></b>	<b>498.9</b>	<b>543.0</b>	<b>599.6</b>	<b>659.3</b>	<b>727.5</b>	<b>818.6</b>	<b>903.9</b>	<b>962.9</b>	<b>1,030.5</b>	<b>1,108.7</b>
Chartered banks	316.6	340.7	367.8	391.3	420.8	460.8	452.5	465.8	506.0	826.3 <sup>2</sup>
Trust and mortgage loan companies	5.3	6.3	7.2	8.3	7.9	9.3	10.2	10.6	11.4	29.3 <sup>2</sup>
Credit unions and caisses populaires	65.9	72.7	80.4	89.3	97.6	107.1	114.2	120.6	125.4	134.7 <sup>2</sup>
Life insurance companies	16.6	15.5	15.4	14.4	15.0	14.8	15.4	14.9	14.2	15.9 <sup>2</sup>
Pension funds	8.8	9.1	10.1	11.0	12.5	14.0	16.1	15.4	14.4	13.7 <sup>2</sup>
Non-depository credit intermediaries and other financial institutions	26.3	26.9	27.9	30.0	31.1	31.4	29.8	29.7	29.3	41.9 <sup>2</sup>
National Housing Act mortgage-backed securities (NHA MBS)	43.8	57.2	75.7	96.7	119.6	157.1	245.6	291.9	316.6	38.8 <sup>2</sup>
Special purpose corporations (securitization) <sup>3</sup>	15.6	14.5	15.1	18.3	23.1	24.1	20.2	13.9	13.3	8.1 <sup>2</sup>
<b>Mortgage Performance (%)</b>										
Mortgage arrears rate <sup>4</sup>	0.41	0.34	0.29	0.26	0.25	0.25	0.28	0.41	0.43	0.41
Net impaired Canadian mortgages ratio <sup>5</sup>	0.19	0.19	0.13	0.12	0.13	0.13	0.26	0.38	0.41	0.37
Loss provisions ratio <sup>6,7</sup>	0.01	0.01	0.01	0.01	0.01	0.00	0.01	0.04	0.06	0.07
<b>Household Affordability (%)</b>										
Mortgage debt-service ratio (interest paid on mortgage as per cent of disposable income) <sup>8</sup>	4.0	3.9	3.8	3.8	4.0	4.3	4.3	3.9	3.8	3.7
Mortgage payment ratio (interest and principal as per cent of personal disposable income per worker) <sup>9</sup>	27.7	28.2	29.5	30.6	34.2	38.3	36.3	32.1	33.5	34.3
Household debt to GDP <sup>8</sup>	70.4	71.0	72.8	74.3	76.0	79.8	82.6	90.1	93.9	94.1

Components may not add up to totals due to rounding.

<sup>1</sup> Statistics Canada (CANSIM). Last year's series (sourced from the Bank of Canada and CMHC) were replaced with the data reported by CANSIM.

<sup>2</sup> Following the adoption of the International Financial Reporting Standards (IFRS) beginning in 2011 in Canada, a significant amount of residential mortgage loans securitized under the NHA mortgage-backed securities (NHA MBS) program or by private special purpose corporations is no longer eligible for off-balance sheet treatment, and thus must be consolidated on the balance sheets of the respective lenders or issuers. This represents a key factor behind the variations from 2010 to 2011 in amounts of mortgages outstanding reported as NHA MBS and special purpose corporations versus those reported as holdings by the banks and other financial institutions.

<sup>3</sup> Private residential mortgage securitization.

<sup>4</sup> CMHC, adapted from Canadian Bankers Association by calculating the annual average mortgage arrears rate. Mortgage arrears rate is the number of mortgages in arrears as per cent of total number of mortgages, based on data from 9 banks. Arrears are defined as mortgages that are 90 days past due.

<sup>5</sup> CMHC, adapted from annual reports from Bank of Montreal, Canadian Imperial Bank of Commerce, Royal Bank of Canada, TD Banking Group (as at October 31 of each year) by calculating the ratio. Impaired loans are residential mortgages that are 90 days past due, or 365 days past due if government-guaranteed, net of allowances for credit losses. Ratio is value of net impaired Canadian residential mortgages as per cent of total Canadian residential mortgages.

<sup>6</sup> CMHC, adapted from annual reports from Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada, TD Banking Group (as at October 31 of each year) by calculating the ratio. Provisions for credit losses on residential mortgages (all countries) are annual charges to income to provide for impaired loans, as per financial statements and accounting policies and assumptions. Ratio is value of provision as per cent of total residential mortgages (all countries).

<sup>7</sup> Prior to 2004, data do not include Bank of Nova Scotia.

<sup>8</sup> Statistics Canada (CANSIM).

<sup>9</sup> CMHC, adapted from Statistics Canada (CANSIM) and the Canadian Real Estate Association (CREA) by calculating the ratio. The statistics from 2002 to 2010 were revised to reflect historical adjustments made by Statistics Canada on income and employment data, and some adjustments made by CREA on average house price data. The monthly mortgage payment is calculated using the prevailing average MLS price and the 5-year fixed mortgage posted rate prevailing in each period, assuming a 25% down payment and 25 year amortization. The income figure is personal disposable (after tax) income per worker.

For additional data, please refer to the CMHC website: [www.cmhc.ca/observer](http://www.cmhc.ca/observer).

TABLE 20

## CMHC Mortgage Loan Insurance Highlights, 2002-2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Overview</b>										
CMHC insurance-in-force outstanding (\$ billions)	224.3	230.0	243.8	273.7	291.4	345.2	407.7	472.6	514.2	566.5
Annual number of insured units <sup>1</sup>	583,225	517,795	652,573	746,157	528,074	695,971	798,309	1,048,736	643,991	630,957
Annual CMHC insurance volumes (\$ billions) <sup>2</sup>	50.3	43.6	60.1	77.1	70.7	104.5	126.3	154.9	106.1	106.0
<b>Homeowner Loans by Interest Rate Type (%)</b>										
Fixed	81.7	89.1	80.4	78.2	88.4	89.2	72.1	80.3	75.7	73.9
Non-fixed <sup>3</sup>	18.3	10.9	19.6	21.8	11.6	10.8	27.9	19.7	24.3	26.1
<b>Credit Profile</b>										
Distribution of CMHC homeowner insurance-in-force by LTV ratio, based on updated property value (%) <sup>4</sup>										
Share with LTV 80% or under	NA	NA	NA	NA	NA	NA	NA	71	70	75
Share with LTV 80.01% to 90%	NA	NA	NA	NA	NA	NA	NA	16	21	17
Share with LTV 90.01% to 95%	NA	NA	NA	NA	NA	NA	NA	9	7	7
Share with LTV 95.01% and over	NA	NA	NA	NA	NA	NA	NA	4	2	1
Average LTV ratio of CMHC-insured homeowner mortgages (%) <sup>4</sup>	NA	NA	NA	NA	NA	NA	NA	54	56	56
Average CMHC-insured loan amount per household (\$) <sup>5</sup>	NA	NA	NA	NA	NA	NA	NA	132,442	137,349	141,290
Distribution of insurance-in-force average loan amount per household (%) <sup>5</sup>										
\$60,000 or under	NA	NA	NA	NA	NA	NA	NA	8	7	7
Over \$60,000 to \$100,000	NA	NA	NA	NA	NA	NA	NA	11	10	9
Over \$100,000 to \$250,000	NA	NA	NA	NA	NA	NA	NA	47	47	45
Over \$250,000 to \$400,000	NA	NA	NA	NA	NA	NA	NA	24	25	26
Over \$400,000 to \$550,000	NA	NA	NA	NA	NA	NA	NA	6	7	8
Over \$550,000	NA	NA	NA	NA	NA	NA	NA	4	4	5
Distribution of credit scores for high-ratio homeowner loans, approved annually (%) <sup>6</sup>										
No score	0	0	0	0	0	0	0	0	0	0
Under 600	4	3	3	3	3	3	2	1	0	0
600 - 659	13	14	14	14	14	14	13	11	9	8
660 - 699	17	18	18	19	18	18	18	16	17	16
700 and over	66	65	64	64	65	65	66	72	74	76
<b>Performance</b>										
CMHC insured mortgages arrears rate (%) <sup>5,7</sup>	0.46	0.42	0.33	0.33	0.33	0.32	0.36	0.50	0.45	0.41
CMHC losses on claims expense (\$ millions) <sup>5,8</sup>	214.7	185.8	166.0	147.1	217.9	217.4	248.2	512.0	678.0	616.8

Components may not add up to totals due to rounding.

<sup>1</sup> From 2006 on, series were revised to refer to mortgages for which CMHC received a premium (including portfolio insurance for low-ratio loans), rather than approved applications.<sup>2</sup> Data is based on the loans for which premiums were received in a given year. The CMHC Annual Reports prior to 2010 reported on the approved loan volumes.<sup>3</sup> Includes: variable, capped variable, adjustable, buydown, and indexed rates.<sup>4</sup> Portfolio including homeowner high-ratio and low-ratio loans.<sup>5</sup> Overall portfolio, including homeowner high-ratio and low-ratio loans, and multi-unit loans with over 4 units.<sup>6</sup> Canadian credit scores generally range from 300 to 900.<sup>7</sup> Ratio of all loans that are more than 90 days past due as a per cent of the number of outstanding insured loans.<sup>8</sup> Deficit after sale of CMHC-insured foreclosed properties and payment of all claim expenses to lenders.

NA = Not available

Source: CMHC

For additional data, please refer to the CMHC website: [www.cmhc.ca/observer](http://www.cmhc.ca/observer).

TABLE 21

Canadian Private Mortgage Securitization, 2008-2011<sup>1</sup>

	2008	2009	2010	2011
<b>Total Canadian Private Mortgage Securitization Outstanding (\$ billions)</b>	<b>23.68</b>	<b>19.69</b>	<b>16.82</b>	<b>16.21</b>
<b>Mortgage Assets as Share of the Total Canadian Private Securitization (%)</b>	<b>28.3</b>	<b>31.6</b>	<b>30.2</b>	<b>29.6</b>
<b>Breakdown of the mortgage assets by types (\$ billions)</b>				
Home Equity Line of Credit (HELOC) <sup>2</sup>	8.07	7.81	7.28	6.05
Conventional Mortgage <sup>3</sup>	10.52	7.41	6.32	5.70
Insured Mortgage <sup>4</sup>	2.99	2.60	2.01	3.67
Non-Conventional Mortgage <sup>5</sup>	2.11	1.87	1.21	0.79

<sup>1</sup> This table reports Canadian private residential mortgage securitization transactions rated by DBRS, including asset-backed securities (ABS) and asset-backed commercial paper (ABCP), but excluding floating-rate structured notes (FRSN).

<sup>2</sup> This credit facility is secured by residential real estate.

<sup>3</sup> Uninsured residential mortgage with a LTV ratio equal to or less than 80% at origination and underwritten by financial institutions to a prime credit borrower for property purchase, with full documentation, scheduled monthly amortizing payments and generally maximums gross debt-service ratio of 32% and total debt-service ratio of 40%.

<sup>4</sup> Residential mortgage insured by mortgage insurers with insurance premiums paid by either the borrower or the lender. The insurers must be rated at least AA(low) by DBRS to be eligible as securitization counterparty.

<sup>5</sup> Uninsured residential mortgage with a LTV ratio greater than 80%, limited underwriting documentation, lower than monthly amortizing payments and/or less credit worthy borrowers.

Source: CMHC, adapted from DBRS Monthly Canadian ABS and ABCP Reports



TABLE 22

Covered Bond Market in Canada, 2007-2011<sup>1,2</sup>

	2007	2008	2009	2010	2011
<b>Total Annual Covered Bond Issuance (C\$ billions)</b>	<b>2.84</b>	<b>6.98</b>	<b>1.45</b>	<b>17.34</b>	<b>25.67</b>
<b>Issuance per Issuer (C\$ billions)</b>					
Royal Bank of Canada (RBC)	2.84	1.88	0.75	2.36	1.66
Canadian Imperial Bank of Commerce (CIBC)	-	3.60	0.70	5.66	7.30
Bank of Montreal (BMO)	-	1.50	-	2.08	3.51
Bank of Nova Scotia (BNS)	-	-	-	5.17	4.87
Toronto-Dominion Bank (TD)	-	-	-	2.08	4.93
National Bank of Canada (NBC)	-	-	-	-	2.42
Caisse centrale Desjardins du Québec (CCDQ)	-	-	-	-	0.99
<b>Issuance by Currency (billions in currency indicated)</b>					
Canadian Dollar (CAD)	-	-	0.75	0.85	1.10
Euro (EUR)	2.00	4.57	-	-	-
United States Dollar (USD)	-	-	-	14.75	21.90
Swiss Franc (CHF)	-	-	0.68	0.50	0.50
Australian Dollar (AUD)	-	-	-	0.75	2.30
<b>Issuance by Term (C\$ billions)</b>					
2-yr	-	3.60	0.31	-	-
3-yr	-	-	-	5.89	11.97
4-yr	-	-	-	-	0.61
5-yr	2.84	1.50	1.14	11.00	11.43
7-yr	-	-	-	0.45	1.10
10-yr	-	1.88	-	-	0.56
<b>Total Covered Bonds Outstanding (C\$ billions)</b>	<b>2.84</b>	<b>9.83</b>	<b>11.27</b>	<b>25.02</b>	<b>50.37</b>
<b>Outstanding per Issuer (C\$ billions)</b>					
RBC	2.84	4.73	5.48	7.84	9.49
CIBC	-	3.60	4.30	6.36	13.35
BMO	-	1.50	1.50	3.58	7.09
BNS	-	-	-	5.17	10.03
TD	-	-	-	2.08	7.01
NBC	-	-	-	-	2.42
CCDQ	-	-	-	-	0.99
<b>Outstanding by Currency (billions in currency indicated)</b>					
CAD	-	-	0.75	1.60	2.70
EUR	2.00	6.57	6.57	4.25	4.25
USD	-	-	-	14.75	36.65
CHF	-	-	0.68	1.18	1.38
AUD	-	-	-	0.75	3.05
<b>Outstanding by Term (C\$ billions)</b>					
2-yr	-	3.60	3.91	0.31	0.00
3-yr	-	-	-	5.89	17.86
4-yr	-	-	-	-	0.61
5-yr	2.84	4.34	5.48	16.48	27.91
7-yr	-	-	-	0.45	1.55
10-yr	-	1.88	1.88	1.88	2.44

Components may not add up to totals due to rounding.

<sup>1</sup> There were no covered bonds issued in Canada prior to 2007.<sup>2</sup> Denominated in Canadian dollars (except where indicated) based on the exchange rates posted in issuers' covered bond investor reports at time of issuance.

Source: CMHC, adapted from DBRS Monthly Canadian Covered Bond Report, Issuers' Monthly Covered Bond Program Investor Reports

TABLE 23

CMHC NHA Mortgage-Backed Securities (MBS) Program, 2002-2011<sup>1</sup>

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Total Annual NHA MBS Issuance (\$ billions)</b>	<b>22.644</b>	<b>32.702</b>	<b>37.713</b>	<b>46.002</b>	<b>58.447</b>	<b>85.673</b>	<b>144.972</b>	<b>134.236</b>	<b>124.638</b>	<b>139.893</b>
<b>Annual NHA MBS Issuance by Pool Type (\$ billions)</b>										
867 Pool (Multi-Component FRM <sup>2</sup> )	-	-	-	-	-	-	-	17.058	3.848	13.662
880 Pool (Multi-Component ARM <sup>3</sup> )	-	-	-	-	-	-	-	0.108	0.074	2.530
885 Pool (Multi-Component VRM <sup>4</sup> )	-	-	-	-	-	-	-	-	0.097	0.264
964 Pool (Homeowner)	0.307	0.532	0.910	0.193	0.267	0.162	1.064	1.789	0.573	0.010
965 Pool (Mixed)	0.406	0.545	0.529	0.442	0.572	1.139	3.397	4.593	3.575	3.271
966 Pool (Multi-Family)	0.670	0.481	0.181	-	-	0.059	0.180	0.145	0.065	-
967 Pool (Homeowner - prepayments retained)	-	-	-	-	-	-	-	-	-	-
970 Pool (Homeowner - 36 mth prepayment lock-out)	7.675	5.922	6.705	5.272	4.855	3.431	1.723	1.289	0.146	0.100
975 Pool (Homeowner - 60 mth prepayment lock-out)	12.555	23.471	23.722	27.531	41.080	66.586	79.764	73.531	77.921	78.092
980 Pool (Homeowner ARM)	-	-	-	0.266	0.291	1.491	4.562	11.878	12.808	10.723
985 Pool (Homeowner VRM)	-	1.557	5.422	10.634	9.600	8.689	46.810	19.443	18.777	20.756
987 Pool (Homeowner WAC <sup>5</sup> )	-	-	-	1.382	1.048	3.022	6.956	3.737	6.098	9.996
990 Pool (Social Housing Loans)	1.031	0.194	0.244	0.282	0.735	1.092	0.515	0.666	0.657	0.488
<b>Total NHA MBS Outstanding (\$ billions)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>124.155</b>	<b>166.291</b>	<b>254.274</b>	<b>298.246</b>	<b>325.133</b>	<b>368.308</b>
<b>NHA MBS Outstanding by Pool Type (\$ billions)</b>										
867 Pool (Multi-Component FRM)	NA	NA	NA	NA	-	-	-	13.782	12.691	21.727
880 Pool (Multi-Component ARM)	NA	NA	NA	NA	-	-	-	0.097	0.151	2.612
885 Pool (Multi-Component VRM)	NA	NA	NA	NA	-	-	-	-	0.097	0.315
964 Pool (Homeowner)	NA	NA	NA	NA	1.288	1.018	1.635	2.590	2.450	1.804
965 Pool (Mixed)	NA	NA	NA	NA	2.893	3.604	6.300	10.211	12.881	15.063
966 Pool (Multi-Family)	NA	NA	NA	NA	1.752	1.190	1.092	1.018	0.942	0.729
967 Pool (Homeowner - prepayments retained)	NA	NA	NA	NA	0.005	0.001	0.001	0.0005	0.0004	0.0002
970 Pool (Homeowner - 36 mth prepayment lock-out)	NA	NA	NA	NA	15.275	13.272	9.121	5.685	2.735	1.137
975 Pool (Homeowner - 60 mth prepayment lock-out)	NA	NA	NA	NA	80.103	118.910	160.592	178.558	201.814	219.582
980 Pool (Homeowner ARM)	NA	NA	NA	NA	0.379	1.694	5.867	15.859	23.849	29.288
985 Pool (Homeowner VRM)	NA	NA	NA	NA	16.729	18.065	55.498	54.579	48.947	51.668
987 Pool (Homeowner WAC)	NA	NA	NA	NA	1.738	4.068	9.587	11.139	13.534	19.407
990 Pool (Social Housing Loans)	NA	NA	NA	NA	3.994	4.468	4.582	4.727	5.042	4.977
<b>Total Number of NHA MBS Pools Outstanding</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>2,558</b>	<b>3,313</b>	<b>4,791</b>	<b>6,528</b>	<b>7,807</b>	<b>9,115</b>
<b>Number of NHA MBS Pools Outstanding by Pool Type</b>										
867 Pool (Multi-Component FRM)	NA	NA	NA	NA	-	-	-	151	279	429
880 Pool (Multi-Component ARM)	NA	NA	NA	NA	-	-	-	12	21	75
885 Pool (Multi-Component VRM)	NA	NA	NA	NA	-	-	-	-	6	28
964 Pool (Homeowner)	NA	NA	NA	NA	132	107	143	243	262	235
965 Pool (Mixed)	NA	NA	NA	NA	205	225	265	312	378	451
966 Pool (Multi-Family)	NA	NA	NA	NA	118	91	72	57	52	45
967 Pool (Homeowner - prepayments retained)	NA	NA	NA	NA	16	4	3	2	2	2
970 Pool (Homeowner - 36 mo. prepayment lock-out)	NA	NA	NA	NA	413	424	408	358	245	155
975 Pool (Homeowner - 60 mo. prepayment lock-out)	NA	NA	NA	NA	1,201	1,712	2,653	3,635	4,351	5,055
980 Pool (Homeowner ARM)	NA	NA	NA	NA	35	117	270	551	943	1,351
985 Pool (Homeowner VRM)	NA	NA	NA	NA	272	344	532	644	673	674
987 Pool (Homeowner WAC)	NA	NA	NA	NA	73	180	330	432	451	466
990 Pool (Social Housing Loans)	NA	NA	NA	NA	93	109	115	131	144	149

Components may not add up to totals due to rounding.

<sup>1</sup> This includes NHA MBS purchased by the Canada Housing Trust under the Canada Mortgage Bonds (CMB) program, market NHA MBS issued directly into the capital market and sold to investors, and NHA MBS purchased under the Insurance Mortgage Purchase Program (IMPP).<sup>2</sup> FRM are Fixed-Rate Mortgages.<sup>3</sup> ARM are Adjustable-Rate Mortgages.<sup>4</sup> VRM are Variable-Rate Mortgages.<sup>5</sup> WAC is Weighted Average Mortgage Rate.

NA = Not available

Source: CMHC

TABLE 24

## CMHC Canada Mortgage Bonds (CMB) Program, 2002-2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Total Annual CMB Issuance (\$ billions)</b>	<b>13.2</b>	<b>17.3</b>	<b>19.3</b>	<b>18.0</b>	<b>25.1</b>	<b>35.7</b>	<b>43.5</b>	<b>46.9</b>	<b>39.4</b>	<b>41.3</b>
<b>Annual CMB Issuance by Term (\$ billions)</b>										
3-yr Fixed	-	-	-	-	-	-	6.0	2.0	-	-
5-yr Floating-Rate Note	-	-	0.8	3.0	-	-	1.5	9.2	7.9	9.3
5-yr Fixed	13.2	17.3	18.5	15.0	25.1	35.7	34.0	28.5	23.8	22.8
10-yr Fixed	-	-	-	-	-	-	2.0	7.2	7.8	9.3
<b>Total CMB Outstanding (\$ billions)</b>	<b>17.9</b>	<b>35.2</b>	<b>54.5</b>	<b>72.6</b>	<b>95.4</b>	<b>118.5</b>	<b>141.7</b>	<b>175.6</b>	<b>195.5</b>	<b>200.8</b>
<b>CMB Outstanding by Term (\$ billions)</b>										
3-yr Fixed	-	-	-	-	-	-	6.0	8.0	8.0	2.0
5-yr Floating-Rate Note	-	-	0.8	3.9	3.9	3.9	5.4	14.6	18.6	27.8
5-yr Fixed	17.9	35.2	53.7	68.7	91.6	114.7	128.3	143.8	152.0	144.7
10-yr Fixed	-	-	-	-	-	-	2.0	9.2	17.0	26.3
<b>Investor Profile by Region (market share in %)</b>										
Canada	48.7	59.7	56.5	62.3	66.7	71.9	77.3	76.6	71.9	72.1
United States	19.3	11.1	17.8	16.4	16.1	11.4	12.5	17.6	15.8	14.5
Europe	30.1	25.5	22.4	19.1	12.9	11.3	5.6	3.4	5.0	4.4
Australasia	1.9	3.6	2.9	1.9	2.9	4.9	4.4	2.0	4.0	3.0
Middle East and Other	0.1	0.1	0.5	0.3	1.4	0.5	0.3	0.4	3.2	6.0
<b>Investor Profile by Investor Type (market share in %)</b>										
Insurance companies and pension funds	50.9	42.5	52.9	54.1	44.5	47.5	47.1	42.9	45.4	41.5
Other institutional investors	13.7	7.3	16.4	17.6	9.5	14.5	9.1	4.0	10.2	5.2
Government	4.2	20.7	6.3	5.2	7.5	5.1	2.7	2.3	3.6	2.2
Chartered banks and quasi banks	19.1	19.9	16.8	9.9	20.1	17.2	26.6	43.0	30.0	36.7
Brokers/dealers	2.5	0.1	0.3	1.1	0.1	0.4	0.7	1.1	0.2	1.3
Canadian retail investors	5.4	2.7	3.0	3.5	2.3	2.4	2.5	1.9	1.8	1.8
Monetary authorities	4.2	6.7	4.3	3.5	6.4	7.0	5.4	2.3	7.1	8.7
Hedge funds	0.0	0.0	0.0	5.1	9.7	6.0	6.0	2.5	1.7	2.4

Components may not add up to totals due to rounding.

Source: CMHC

For additional data, please refer to the CMHC website: [www.cmhc.ca/observer](http://www.cmhc.ca/observer).

TABLE 25

Canada Mortgage Bonds (CMB) 5-Year Constant Maturity Spread over the Government of Canada Curve,<sup>1</sup> 2003-2011 (basis points)

	January <sup>2</sup>	February	March	April	May	June	July	August	September	October	November	December	Annual Average
<b>2003</b>	NA	NA	NA	NA	NA	12.3	12.2	17.7	18.5	13.6	12.8	11.3	<b>13.8</b>
<b>2004</b>	10.4	10.4	10.1	12.1	14.4	15.0	15.0	14.7	14.2	13.9	12.2	11.1	<b>12.8</b>
<b>2005</b>	11.0	10.8	10.1	10.6	9.5	8.5	8.5	8.0	7.7	8.8	8.9	11.2	<b>9.4</b>
<b>2006</b>	11.4	9.8	10.2	9.9	10.3	12.6	12.7	12.1	11.7	11.2	11.2	11.4	<b>11.2</b>
<b>2007</b>	11.6	11.8	11.8	11.3	11.6	13.4	14.1	16.0	19.5	19.7	28.9	31.2	<b>16.5</b>
<b>2008</b>	28.7	33.6	50.9	54.2	47.8	48.5	47.8	50.1	58.3	70.0	45.6	48.3	<b>48.6</b>
<b>2009</b>	32.4	32.4	38.9	37.6	35.8	41.1	34.9	26.7	25.7	23.5	22.4	23.2	<b>31.4</b>
<b>2010</b>	19.8	20.6	21.3	26.7	35.7	39.5	31.9	26.8	23.6	22.3	24.0	26.1	<b>26.6</b>
<b>2011</b>	23.6	22.1	24.8	23.9	23.5	23.9	23.9	25.8	34.9	32.3	32.1	31.0	<b>26.9</b>

<sup>1</sup> The constant maturity spread represents the exact term indicated and is calculated by an interpolation using CMB market spreads to Government of Canada yields.<sup>2</sup> The data presented for the months are the monthly average of daily data.

NA = Not available

Source: CMHC

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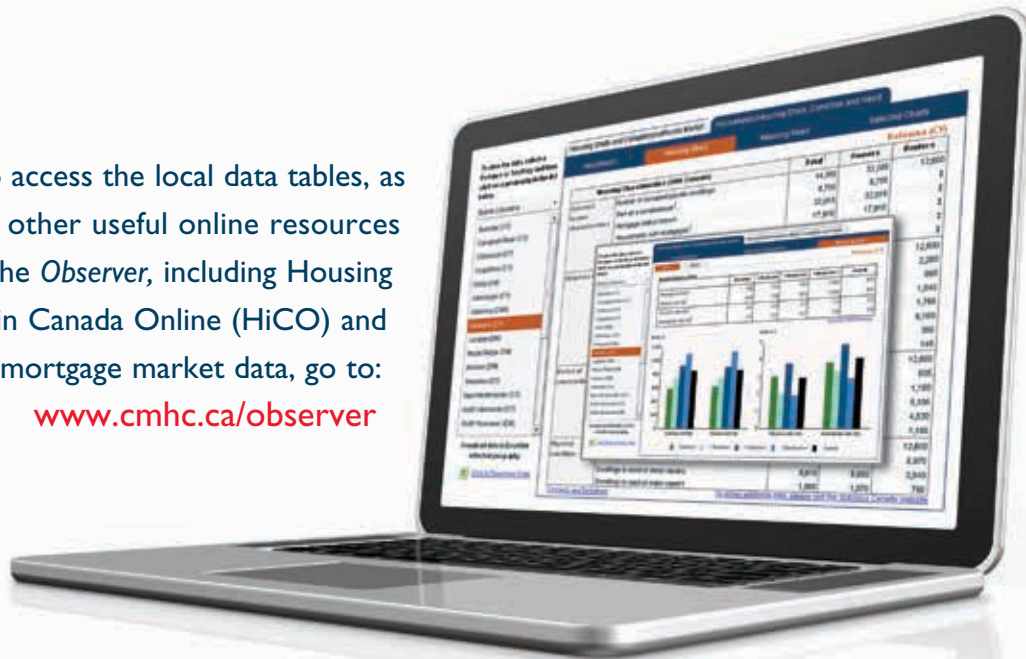
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