

NORTHERN HOUSING REPORT



CANADA MORTGAGE AND HOUSING CORPORATION

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As a component of its product suite, CMHC Market Analysis produces an annual Northern Housing Report. This report focuses on the new home construction market, existing home market, and rental markets in Whitehorse, Yellowknife, and Iqaluit.

Whitehorse

Highlights

- Residential construction, both in the single-detached and multi-family sectors, will increase in 2016 compared to the previous year.
- Total residential transactions to increase in 2016.
- Average vacancy rate is forecast to remain stable at 3.5 per cent.

Economy

The Yukon Economy in 2015 marked another year of recession, as real Gross Domestic Product¹ (GDP) declined for a third consecutive year. Following a reduction of 0.8 per cent in 2013 and 2014, 2015 posted a considerably larger reduction of 3.8 per cent. Metal ore prices continued to slide in 2015, adversely affecting the heavily resource-based Yukon economy. Looking forward, economic activity will be supported by increased mining production and government spending. The Conference Board of Canada² is forecasting Yukon's 2016 real GDP to grow by 2.7 per cent, while the Yukon Government³ is providing a similar projection of 2.8 per cent.

¹ Gross domestic product by industry, millions of chained (2007) dollars.

² Territorial Outlook: Economic Forecast, The Conference Board of Canada, February 24, 2016.

³ Yukon Economic Outlook: May 2016.

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Slumping metal ore prices continued to strain Yukon's mining industry in 2015. Yukon Zinc's Wolverine mine closed its doors in the first half of the year, affecting overall mining production in the territory. This left Captstone's copper producing Minto mine the only producing mine in the Yukon. Overall, goods-producing industries declined 21 per cent year-over-year in 2015. Despite the difficult year, mining production is anticipated to rebound in 2016 as Minto mine expands its operations into its Minto North location, which benefits from the highest grade reserves on the site. Furthermore, the Yukon economy will be supported by another record setting budget⁴ totaling \$1.39 billion. Health and social services are to receive additional funding that will support the creation and expansion of a number of health facilities. Allocations towards community services will also be increased. This will include a \$21.7 million New Building Canada Fund that will invest in a number of public infrastructure upgrades. Lastly, capital expenditure intentions in the Yukon are expected to increase from an estimated \$365.4 million in 2015 to \$430 million in 2016⁵, which will provide a lift to the economy.

In the first quarter of 2016, Yukon's labour force contracted slightly by 100 persons from the previous quarter to 20,500. Employment in the first quarter of the year averaged 19,400, which is down slightly from the 19,500 recorded a quarter earlier. Yukon's unemployment rate decreased to 5.4 per cent from 5.8 per cent in the previous quarter.

Public sector employment is playing an increasingly important role in the Yukon, as the private and public employment gap continued to narrow. This is particularly true for Whitehorse, as the Federal, Territorial, Municipal, and First Nations governments reside within the city. As of February 2016, year-to-date public administration job numbers increased six per cent⁶ compared to the same period one year earlier.

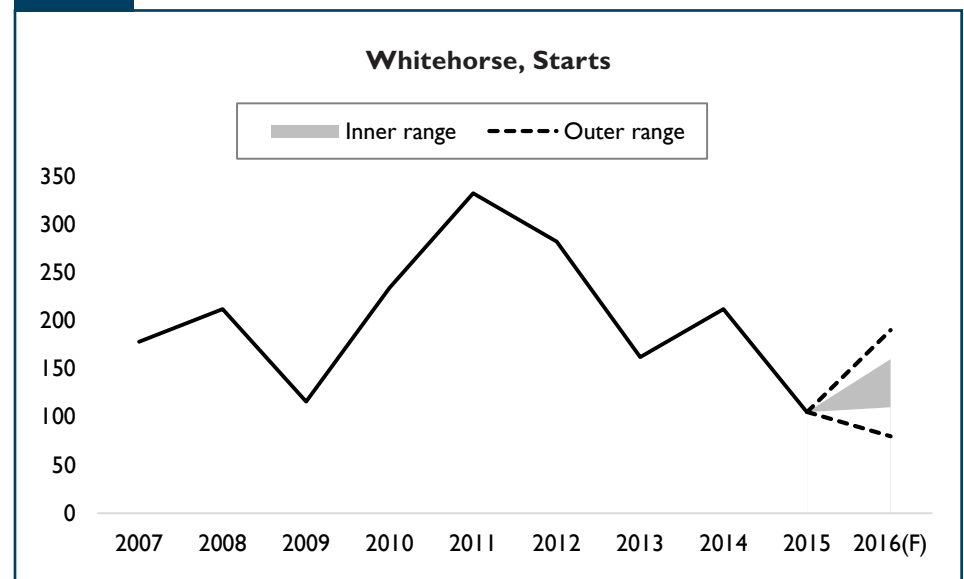
After attracting 436 net new migrants in 2014, the Yukon ended 2015 with only 52 net new migrants, representing a year-over-year decrease of 88 per cent. The majority of the reduction in net migration came from a reversal of the inflow of interprovincial migration. In 2015, the Yukon experienced a net loss of 144 individuals to other parts of the country, which is in contrast to the

211 persons gained in 2014. As of December 2015, the Yukon had a population of 37,566. This represents roughly a one per cent increase from December 2014 when the Yukon had a population of 37,161. Whitehorse experienced a population growth of 2.1 per cent with an additional 602 residents in December of 2015 when compared to a year earlier.

New Home Market

Housing starts in Whitehorse totaled 105 units in 2015, a substantial decrease of 51 per cent from the 212 initiated in 2014. Both single-detached and multiple segments contributed to the year-over-year reduction. Single-detached construction decreased by 44 per cent from 109 starts in 2014, to 61 starts in 2015. Multiple starts reached 44 units in 2015, equating to year-over-year reduction of 57 per cent.

Figure 1



Source: CMHC, (F): CMHC Forecast

⁴ Comparing historical main estimates.

⁵ Source: Statistics Canada, Capital and repair expenditures, by North American Industry Classification System (NAICS), Canada, provinces and territories, Table 029-0045.

⁶ Source: Statistics Canada, Survey of Employment, Payroll and Hours, Table 281-0023.

The Whistle Bend development remains the primary driver of residential construction in Whitehorse. Sales for single-detached lots have continued to grow each year, with 2016 year-to-date sales⁷ almost on par with total sales in all of 2015. Semi-detached lot sales this year have also been very strong and have already surpassed the previous year's total annual sales. Industry consultations indicate that Whistle Bend continues to grow in popularity with an increasing number of potential buyers interested in the neighborhood. This demand is expected to support construction activity throughout the forecast period.

In the first quarter of 2016, single-detached starts had yet to occur in the city of Whitehorse. That being said, it is common for the first quarter of the year to produce relatively few starts; however, city permit records indicate that an above average number of building permits have been issued so far this year. The number of units under construction also stands relatively low compared to previous years. This, combined with strong lot sales and elevated building permit levels, signals that Whitehorse should expect starts numbers to pick up as the construction season progresses. With this in mind, single-detached construction is expected to range between 70 and 75 units in 2016, up from 61 units in 2015.

In recent years, multiple starts were largely comprised of row (townhouse) units. However, it is expected that multiple construction will be less attributed to row starts in 2016, as the supply of lots zoned for row construction⁸ is limited and a total

of 46 units were recorded as being under construction in the first quarter of this year. Additional row lots are scheduled to be released in Whistle Bend in the fall of 2016, which, depending on the rate of uptake by builders, may not translate into starts until the following year. On the other hand, apartment starts will receive a boost from a 42-unit affordable housing development located in the Whistle Bend area. In total, multiple production is forecast to increase and range between 60 and 70 starts in 2016 from 44 in 2015.

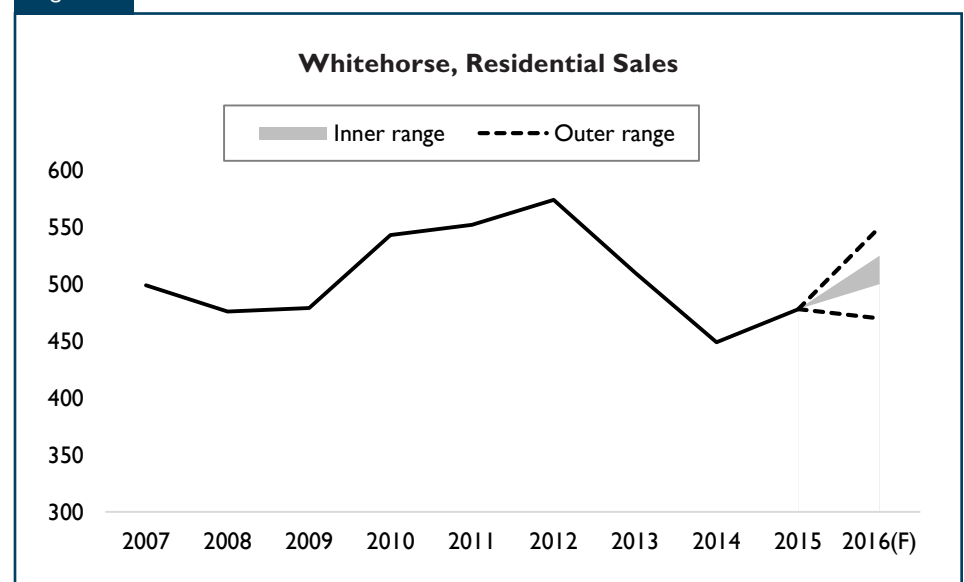
Residential Real Estate

According to the Yukon Bureau of Statistics' quarterly Real Estate Survey, annual residential real estate transactions in Whitehorse, excluding those 'not-at-arm's-length', increased seven per cent in 2015 to 478 sales after declining for two consecutive years. A 50 per cent increase in

mobile and a 13 per cent rise in condo⁹ sales were responsible for the year-over-year gain. Single-detached sales for the year remained flat, while semi-detached sales decreased by three per cent.

Whitehorse's resale market is expected to have another positive year in 2016. MLS[®] sales (which does not include private transactions) were up 25 per cent in the first quarter to 61 sales compared to the same time last year. Industry consultations suggest that low interest rates and relatively high rents are enticing renters to transition over to homeownership. Jobs created via government expansion and spending will also support housing demand over the forecast period. A significant proportion of new homes are also sold using a realtor or private marketing company. These sales are therefore included in transaction records and, consequently, would contribute to total transactions.

Figure 2



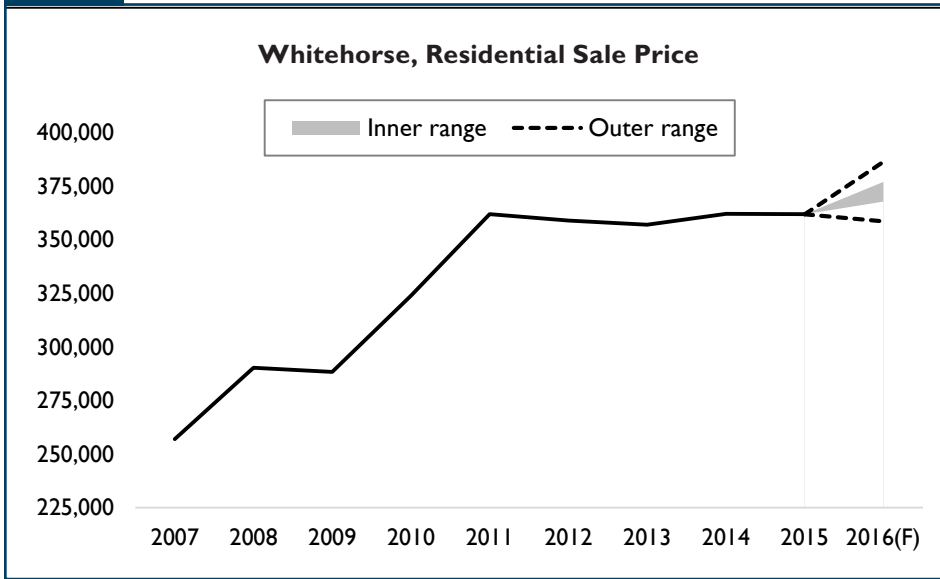
Source: Yukon Bureau of Statistics, (F): CMHC Forecast

⁷ As of May 06th, 2016.

⁸ As of May 06th, 2016.

⁹ Condo sales, as defined by the Yukon Bureau of Statistics. Condo units would include row and apartment housing types.

Figure 3



Source: Yukon Bureau of Statistics, (F): CMHC Forecast

With these dynamics in mind, CMHC forecasts that total residential transactions will increase and range between 500 and 525 sales in 2016.

In 2015, the average price for all types of housing remained essentially static at \$361,968, decreasing only \$278 from the year previous. As of the first quarter in 2016, the overall average MLS® price was \$328,389, up six per cent from a year earlier. The multi-family¹⁰ average sale price increased 17 per cent under the same comparison, reaching \$309,668. Similarly, the average price for single-detached sales was \$394,363, which equated to a six per cent increase year-over-year.

Compared to this time last year, Whitehorse has moved from buyers' to balanced market conditions, providing more upward pressure on prices than what was previously experienced. Demand will continue to support price growth as labour

market conditions improve over the forecast period. Also, industry consultations reveal that recent amendments made to building codes have increased the price of a new home due to higher construction costs. As these new units continue to be sold by realtors and make their way to the existing home market, average prices are expected to climb. The average annual residential real estate transaction price in 2016 is expected to increase and range between \$367,900 and \$377,100, compared to \$361,968 in 2015.

Rental Market

In October 2015, the average apartment vacancy rate in Whitehorse remained unchanged from the previous year, at 3.5 per cent¹¹. This amounts to roughly 35 vacant units out of a total purpose built rental universe of 1,001. The majority of vacant units resided almost entirely with one and two-bedroom units, at 20 and 14

vacant units, respectively. As of the first quarter of the year, no additional purpose-built rental construction had been initiated. There were, however, a total of 24 rental apartment and row units under construction, which will place upwards pressure on the vacancy rate upon reaching completion. Furthermore, the rental market will continue to face competition from the homeownership market throughout the forecast period as some renters move to homeownership. It is anticipated that these forces will offset demand created by an expanding economy, keeping the vacancy rate unchanged in October 2016 at 3.5 per cent.

The average rent for a purpose built two-bedroom apartment unit in Whitehorse increased to \$1,029 in October 2015, from \$997 a year earlier. CMHC expects the two-bedroom average rent to continue to increase, albeit modestly, as demand for purpose-built rental units remains relatively stable. Some new rental construction is expected to be completed, putting some upward pressure on the average rent. As a result, the average purpose built two-bedroom apartment rental rate will increase to \$1,050 in October 2016.

¹⁰ As defined by Yukon Real Estate Association®.

¹¹ It should be noted that in 2014 the Yukon Bureau of Statistics changed their methodology. For the purposes of this publication, however, only privately initiated purpose built rental buildings with 3+ units are referenced.

Methodology for forecast ranges

The present edition of *Northern Housing Report* incorporates forecast ranges for housing variables. Despite this change, all analyses and forecasts of market conditions continue to be conducted using the full range of quantitative and qualitative tools currently available. Two sets of ranges are presented in the publication:

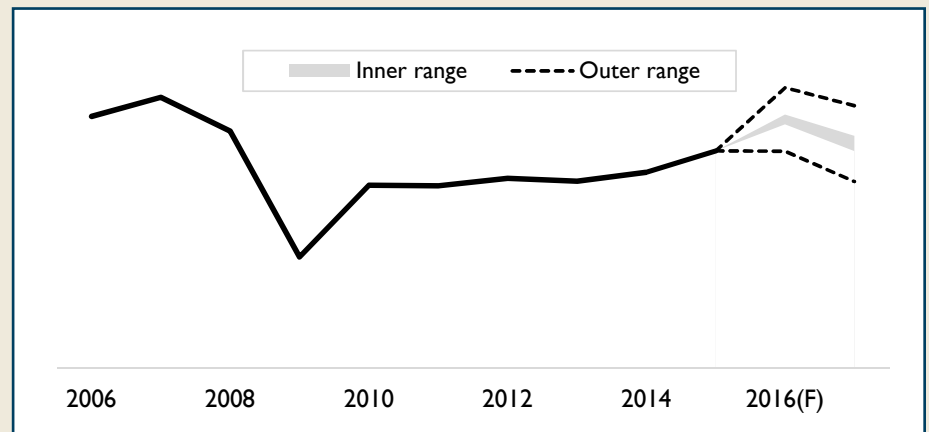
- An inner range, which provides more precise guidance to readers on the outlook while recognizing the small random components of the relationship between the housing market and its drivers. This inner range is based on the coefficient of variation* of historical data and on past forecast accuracy. This range provides precision and direction for forecasts of housing variables, given a

specific set of assumptions for the market conditions and underlying economic fundamentals.

- An outer range, which reflects potential risks to the forecast due to, for example, the impact of economic shocks. The outer range is based on a broader coefficient of variation of

historical data and on past forecast accuracy. This range includes some low-probability events that could have a significant impact on the forecast.

Downward (or upward) adjustments to the ranges may be applied based on local market intelligence if there are more sources of risks (upside or downside) for that specific market.



* The coefficient of variation in this case is the standard deviation divided by the mean of that series. A higher coefficient of variation would produce wider ranges due to the higher volatility of the data, while a lower coefficient of variation would produce tighter ranges.

Forecast risks in 2016

There are a number of risks both to the upside and downside that contribute uncertainty to the forecast. These risks are noted below and are represented by the lower and upper bounds of the outer forecast ranges for starts, residential real estate transactions and average transaction price:

- Total housing starts may record a year-over-year decrease if construction of the River Bend affordable housing development is delayed, pushing some or all of the starts into the following forecast period. If this occurs, total housing starts could approach the lower bound of the outer range of 80 units.
- Continued improvement in labour market conditions may encourage current renters and future newcomers to enter into homeownership. This could lift total real estate transactions towards the upper bound of the outer range at 550 sales.
- Preferences of home buyers, encouraged by employment prospects, development location, and built-in construction upgrades, may increase demand for new home units. Since many new home sales are counted in residential transaction records, the average residential real estate transaction price could rise towards the upper bound of the outer range at \$386,400.

Whitehorse Forecast Summary 2016

	2013	2014	2015	2016(F)	
				(L)	(H)
New Home Market					
Total Starts (units)	162	212	105	130	145
Single-Detached Starts	57	109	61	70	75
Multiple Starts	105	103	44	60	70
Real Estate Transactions*					
Residential sales	510	449	478	495	525
Average price (\$)	357,084	362,246	361,968	367,900	377,100
Rental Market(Q4 data)**					
Apartment Vacancy Rate (%)***	3.1%	3.5%	3.5%	3.5%	
Average Two-Bedroom Apartment Rent (\$)***	955	997	1,029	1,050	

*MLS® +Private(source: YBS, CMHC Forecast)

** Source: YBS, CMHC Forecast

*** YBS has made changes to their survey. As of 2014, the vacancy rate and rent prices are for October, not Q4.

Yellowknife

Highlights

- Single detached housing starts to increase in 2016 while multi-family production expected to remain at levels similar to 2015.
- Residential transactions to increase in 2016.
- Rental apartment vacancies to increase in October 2016 to 3.0 per cent.

Economy

In terms of real Gross Domestic Product (GDP), the economy of the Northwest Territories (NWT) grew 2.5 per cent in 2015, following a 5.9 per cent increase in 2014. A strong year for construction offset losses experienced in the mining sector, contributing to a rise in GDP. Looking ahead, NWT will benefit from increased mining production and mining related activity. The Conference Board of Canada (CBoC) is forecasting GDP to grow by 3.1 per cent in 2016¹².

Last year proved to be a challenging year in NWT's mining industry as a depressed diamond market made its effects felt on producers. Dominion Diamond's Ekati mine, for example, reported that a weaker diamond market contributed to a \$99.3 million reduction in sales for the fiscal year ending in January 2016. Diavik mine also reported a similar reduction of \$95.9 million in year-end sales¹³ as total carats sold decreased by 42 per cent. Further difficulties

emerged at the end of 2015 when Snap Lake mine announced that it would be suspending operations. Despite the challenges in the mining sector, construction had a strong year and kept GDP growth in the Territory positive. Specifically, the dollar value of engineering and residential construction grew by 28.4 and 10.5 per cent, respectively, helping the construction sector achieve an overall increase of 18.3 per cent.

Looking ahead into 2016, it is expected that the NWT will enjoy a boost in mining activity. Dominion Diamond reported that their Ekati mine will proceed with a number of projects in 2016 that will include commercial production at their Misery Main site. Furthermore, the Gahcho Kue diamond mine, only 280 kms northeast of Yellowknife, is set to begin production in the second half of 2016. Supporting industries are also expected to benefit from the increase in mining activity. That being said, capital expenditure figures¹⁴ indicate a reduction of investment intentions for 2016; however, this level of investment will remain above the preceding five year average.

Employment in the NWT averaged 21,950 jobs in 2015, equating to a decline of 100 jobs from 2014. The decline was solely attributable to losses in the full-time segment of the labour market, as full-time employment declined by 500 positions. Trade, in particular, was hard hit and posted a decline of 21 per cent, representing 600 jobs. Public administration, responsible

for close to one-quarter of the employment in the NWT, rose slightly by two per cent, or 119 positions. Over the forecast period, increased mining activity and projects identified by the NWT Government's capital estimates¹⁵ will help support employment in the region¹⁶. Yellowknife employment, in particular, will be supported by the Stanton Territorial Hospital Renewal Project, as work is anticipated to continue in earnest during this year's construction season.

The population of the NWT was 44,253 in the fourth quarter of 2015, up marginally from the population of 44,142 in the fourth quarter of 2014. The CBoC expects population levels to remain static in 2016¹⁷. Net migration continued to be negative in 2015 with a total of 360 persons leaving the territory. This equated to 178 additional persons leaving the territory when compared to 2014. Interprovincial migration was the primary source of migration out of the territory, as a total of 509 migrants left for other parts of the country. As in previous years, international migration was the only positive source of migration, which totalled 149 net migrants for 2015.

New Home Market

Housing starts in 2015 totalled 105 units, a 35 per cent increase over 2014. The majority of the increase in total starts can be attributed to multiple construction that occurred in the latter half of the year. Driven by apartment construction, multiple starts increased by

¹² Source: Territorial Outlook: Economic Forecast, The Conference Board of Canada, February 24, 2016.

¹³ Source: Dominion Diamond Corporation Reports Fiscal 2016 Fourth Quarter Positive Free Cash Flow in a Challenging Diamond Market. April 13, 2016

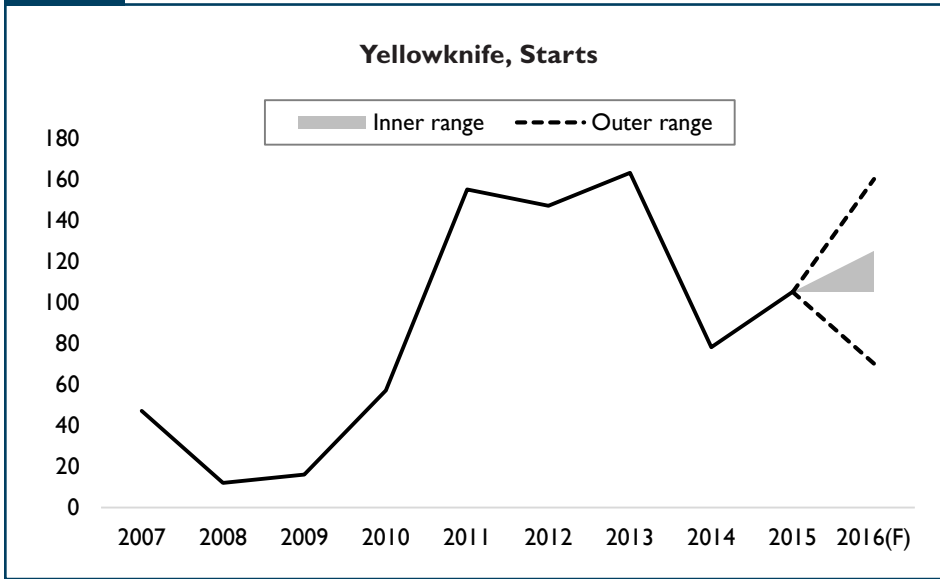
¹⁴ Source: Statistics Canada, table 029-0045

¹⁵ Published October 6th, 2015.

¹⁶ At the time of this report, the recently elected NWT Government had not yet released a budget, creating uncertainty surrounding to what extent previously identified projects will continue to receive government support.

¹⁷ Source: Territorial Outlook: Economic Forecast, The Conference Board of Canada, February 24, 2016.

Figure 4



Source: CMHC, (F): CMHC Forecast

66 per cent to reach 63 starts in 2015, after rebounding from only 38 starts in 2014. The City of Yellowknife has helped facilitate multiple production by zoning several areas for multi-family development. Industry consultations suggest that demand for multi-family units has been driven by investors looking to take advantage of Yellowknife's low vacancy rate. Younger home buyers, with an increasing preference to be in close proximity to their jobs and other amenities, have also supported demand for multiple units. In response, multiple construction activity continues to cater to these market dynamics and a large number of apartments were under construction in the final quarter of 2015. It is anticipated that new construction will proceed cautiously this year as builders manage supply levels. Multiple starts for 2016 are expected to remain on par with last year and range between 55 to 65 starts.

In 2015, single-detached construction totalled 42 starts. This was five per cent higher than the 40 starts achieved in 2014, but well above the preceding five year average of 28 starts per annum. Manufactured

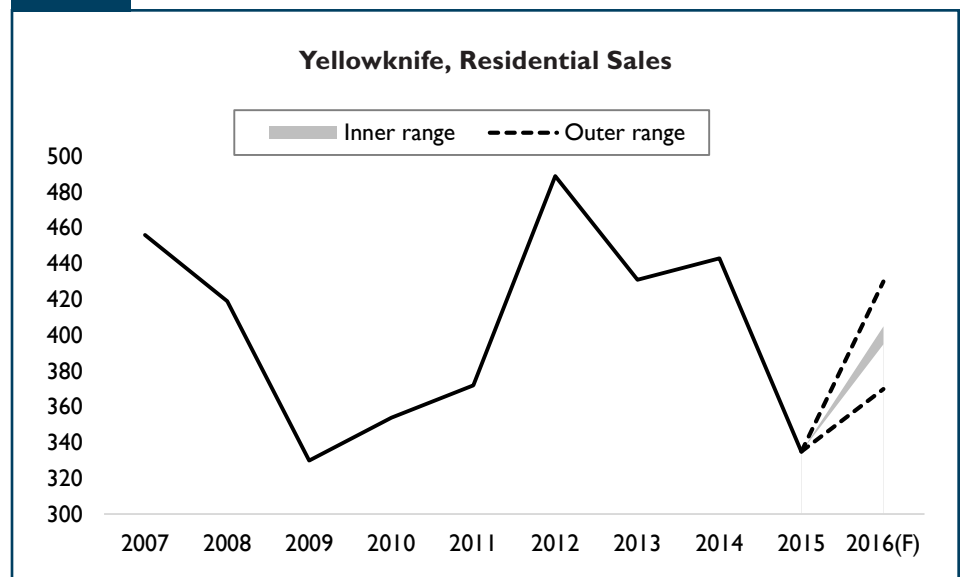
housing continues to be a very popular and cost effective choice. Development communities such as Lakeshore have focused on providing manufactured home options for buyers. Traditional style single-detached construction will also continue to be produced in communities such as sought-after Grace Lake. Given the variety of housing styles available within this

segement, continued availability of serviced and undeveloped lots, and anticipated improvements in labour market conditions, single-detached construction is expected to be strong in 2016. Single-family detached starts are expected to increase and range between 50 and 60 starts in 2016.

Residential Real Estate

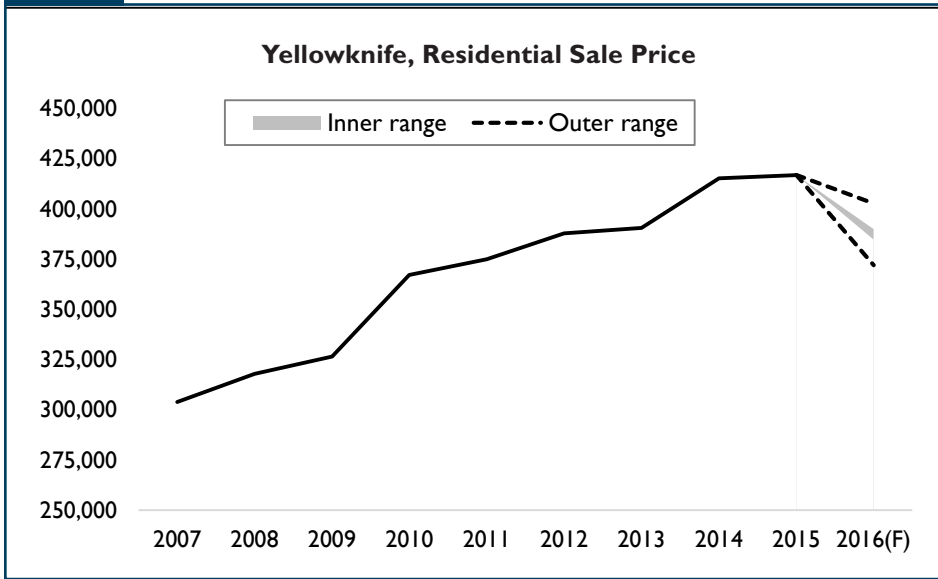
New home construction, particularly manufactured homes, has continued to compete with the existing home market. Manufactured homes provide another option for first-time homeowners at a price point that is comparable to existing, traditionally constructed homes. Construction quality is another key attraction to this type of housing. Advancements in building materials and efficiency standards provides a cost savings on utilities and heating expenses compared to older housing stock. Combined with the increased availability of lots designated for manufactured homes, potential buyers are turning their attention towards the new home market to fulfill their housing needs.

Figure 5



Source: CMHC (MLS® & Private Sales), (F): CMHC Forecast

Figure 6



Source: CMHC (MLS® & Private Sales), (F): CMHC Forecast

In 2015, sales of residential properties totalled 335 units, a 20 per cent decrease from the 443 achieved in 2014. Looking ahead, residential sales will receive support from improved economic and labour market conditions. Residential sales, as of the first quarter of 2016, totalled 75 units, which equates to a 63 per cent increase over the first quarter of last year. It should be noted that realtors are often used to sell new home units and, in such instances, new home transactions would be included in residential sale records. Therefore, despite the competition between the two market segments, residential sales numbers could rise from an increase in new home market activity. With this in mind, total residential sales are expected to increase and range between 395 and 405 sales, in 2016.

The annual residential sale price¹⁸ in 2015 was \$417,049, up less than one per cent from the previous year. As of the first quarter in 2016, the average residential sale price declined 24 per cent from the same time period a year ago. Composition was a primary factor in the decrease, due to a smaller proportion of transactions occurring in the upper end of the price range. Sales are expected to continue to focus on lower-priced housing options such as manufactured homes and apartments and this will, in turn, pull down the average price. As a result, the average residential sale price in 2016 is forecast to decrease and range between \$384,900 and \$390,100.

Rental Market

The overall purpose-built apartment vacancy rate in October 2015 was 1.9 per cent, down from 4.8 per cent a year previous. As 2016 progresses, rental units currently under construction will provide additional supply to the purpose-built rental market once they reach completion. Furthermore, anticipated improvements in the labour market, attractive interest rates, and an increasing focus on affordability within the new home market, may entice renters to enter into homeownership. The result of such dynamics will place upward pressure on the vacancy rate. In 2016, the vacancy rate is expected to increase to 3.0 per cent, up from 1.9 in October 2015.

In October 2015, the average two-bedroom purpose-built apartment was \$1,700, compared to \$1,686 a year earlier. Although the vacancy rate is expected to increase in 2016, the average rent will continue to experience some upward pressure, albeit to a lesser degree compared to a year earlier. A number of rental apartment units are also expected to reach completion in 2016. Since newer units tend to garner higher rents, they could provide additional lift to rent levels. The average two-bedroom apartment rent, therefore, is expected to increase to \$1,710 for 2016.

¹⁸ Includes both MLS® and private transactions.

Forecast risks in 2016

There are a number of risks both to the upside and downside that contribute uncertainty to the forecast. These risks are noted below and are represented by the lower and upper bounds of the outer forecast ranges for starts, residential real estate transactions and average transaction price:

- Total starts forecast is based, in part, on anticipated improvements to labour market conditions. If expectations fail to materialize, demand for new homes could be reduced, pushing down total starts towards the lower bound of the outer range at 70 units.
- Residential transactions could see a more pronounced increase if migration and employment growth is higher. As such, total residential transactions could approach the upper bound of the outer range of 430 units.
- Composition effect plays a key role in the forecasted reduction in the annual average residential transaction price. If buyer preferences begin to favor more expensive homes, the average price could move closer to the upper bound of the outer range of \$402,900.

Yellowknife Forecast Summary 2016

	2013	2014	2015	2016(F)	
				(L)	(H)
New Home Market					
Total Starts (units)	163	78	105	105	125
Single-Detached Starts	36	40	42	50	60
Multiple Starts	127	38	63	55	65
Real Estate Transactions*					
Residential sales **	431	443	355	395	405
Average price (\$) **	390,711	415,344	417,049	384,900	390,100
Rental Market (October Survey)**					
Apartment Vacancy Rate (%)	4.1%	4.8%	1.9%	3.0%	
Average Two-Bedroom Apartment Rent (\$)***	1,664	1,686	1,700	1,710	

*MLS®+Private(source CMHC Forecast)

**Source: CMHC, CMHC Forecast

*** Year-over-year comparisons from 2014 to 2015 are not applicable due to methodology changes for collecting data effective January 2015.

Iqaluit

Highlights

- Employment in the city of Iqaluit increased five per cent year-over-year, and net migration to Nunavut was positive for the first time since 2011.
- Excluding social housing units, the vacancy rate decreased from 5.4 per cent to 5.0 per cent, but remains above the five year average.
- Residential transactions increased from 55 units in 2014 to 61 units in 2015.

Economy

There was a contraction of 0.3 per cent in Nunavut's real Gross Domestic Product (GDP) in 2015¹⁹. This represents the first contraction since 2009, mostly due to a decrease in construction activity. Public Administration is the single largest sector of the Nunavut economy and, combined with Education and Healthcare, these public services comprised about one third of total GDP in 2015. Both Healthcare and Education have been expanding to keep up with a growing and particularly young population, and expenditures for both were up approximately 8 per cent since 2011 while Public Administration has been nearly flat. The sectors responsible for the majority of growth in Nunavut's GDP over the last five years have been Mining, Construction, and Real Estate. In 2015, both Mining and Construction

output declined 2 per cent and 8 per cent, respectively, year-over-year, contributing to the decline in real GDP, while the Real Estate sector expanded 3 per cent year-over-year. Controlling for Mining and Construction, output in the Nunavut economy expanded by 1.9 per cent²⁰. It is important to make this distinction when talking about the Iqaluit housing market since the vast majority of mining and construction activity occur large distances from the city of Iqaluit. Therefore, growth in the rest of the economy are a positive sign for employment and incomes in the city of Iqaluit, and contribute to housing demand.

Employment in the city of Iqaluit increased by 200 workers, or five per cent, in 2015 year-over-year and the unemployment rate was stable from 2014 to 2015 at four per cent. Overall, the increase in the number of people working in Iqaluit supported housing demand. Historically, in Nunavut's larger communities, roughly 50 per cent of the employment is in Government and Education, with the next largest share of workers employed in Retail and Wholesale Trade, averaging 13 per cent²¹. Mining and Construction, along with Hunting, Trapping, and Fishing, by contrast, have employed between 6-10 per cent of workers in a given year since 2008. For Iqaluit's housing market, this helps to explain the large share of housing for government employees found in the city. It also implies that this source of GDP growth matters for the local housing market in Iqaluit. In other

words, swings in the mining and construction sectors are not major drivers in the housing market in Iqaluit.

In Nunavut, wage growth slowed from 5.1 per cent in 2014 to 1.6 per cent in 2015, for an average weekly earnings of \$1,257²². The biggest change was in the goods producing sector, which grew ten per cent in 2014, and declined three per cent in 2015. By contrast services grew four per cent in 2014 and two per cent in 2015. While the data for weekly earnings for Iqaluit was not available, the city is largely a service based economy, which means the growth in the services sector better reflects the situation in Iqaluit. It's also important to note that median income reported in other data sources is historically 2.4 times that of the territory as a whole, implying average weekly earnings are also much higher²³. The Consumer Price Index for Iqaluit grew by 2 per cent, matching the assumed wage growth in Iqaluit²⁴. This means that the cost of living in Iqaluit, day-to-day, is growing as fast as wages. In such conditions, demand for housing should be similar to the previous year, holding all other factors constant, but since there were more workers in the city, the overall effect was an increase in demand in 2015.

Nunavut's population growth of 2.3 per cent was more than double the national growth of 0.9 per cent in 2015²⁵. The median age in 2015 increased by a year from 25 to 26, because the demographics that grew

¹⁹ Source: Statistics Canada, Table 379-0030, real domestic product by industry.

²⁰ GDP subtracting Mining and Construction was \$1.4 billion in 2014 and \$1.43 billion in 2015.

²¹ Source: Statistics Canada, prepared by Nunavut Bureau of Statistics. Data is from Nunavut's 19 largest communities: Iqaluit, Rankin Inlet, Cambridge Bay, Kugluktuk, Baker Lake, Arviat, Pond Inlet, Cape Dorset, Pangnirtung, Igloolik, Taloyoak, Gjoa Haven, Kugaaruk, Coral Harbour, Repulse Bay, Qikiqtarjuaq, Arctic Bay, Hall Beach, Clyde River.

²² Source: Statistics Canada, Table 281-0026.

²³ Source: Nunavut Bureau of Statistics, Nunavut Taxfilers with Employment Income by Region and Community, 2006 to 2013.

²⁴ Source: Statistics Canada, prepared by Nunavut Bureau of Statistics, Iqaluit Consumer Price Index, 2002 to 2015.

²⁵ Source: Statistics Canada, Table 051-0001.

the most were all over the age of 55. Despite this, Nunavut has a young population: by comparison the median age in all of Canada was 41 in 2015. For Iqaluit, in particular, data is harder to interpret. Based on census estimates, the population of Iqaluit did not change between July 2014 and July 2015, but these estimates are modelled outcomes²⁶. The Labour Force Survey suggests that population growth was considerable: in that survey the population count increased by six per cent on average from 2014 to 2015²⁷. Further, migration was positive for the territory for the first time since 2011 with net migration increasing by 107 people from January to December of 2015²⁸.

New Home Construction

Total building permit activity for the territory declined 41 per cent in 2015 from 110 permits to 65, this represented the slowest year since 2005. Single detached permits formed a smaller share of the total, about six per cent, while apartments were the majority at 66 per cent, while row units were 28 per cent. Apartments have been the dominant building type

since 1999, in part, reflecting the high composition of rental units relative to ownership units in northern communities.

Construction in 2015, like in 2014, was very limited. There were a few starts in the new Apex subdivision. Since there are very few, if any, new lots available, new construction was extremely limited. At the time of CMHC's housing market survey, there were two apartment projects nearing completion in Phase IV of the Plateau subdivision, and only one site that remains undeveloped in that area. There was no new land made available for residential development in 2015, but plans are underway to develop an extension to the Road to Nowhere community, with an emphasis on higher density multi-family units.

Residential Transactions

The Iqaluit housing market is unique compared to most markets across Canada. Like many Nunavut communities, most of the land or lots in Iqaluit are owned either by the municipality or by the Inuit.

The majority of lots are titled to the Municipal Corporation which issues leasehold titles for use. When the title of the lease is transferred, the cost of development or some consideration, is used to determine the value of the new lease.

In 2015, there were 61 residential transactions in total, not including ten nominal transfers omitted from the total. Nominal transfers are transactions recorded with values between \$1 and \$10²⁹. Therefore, 61 market transactions took place in Iqaluit compared with 55 market transactions in 2014. The average price of a home increased four per cent, from \$473,080 in 2014 to \$493,281. The average price per square foot declined from \$285 in 2014 to \$278 in 2015. The composition of housing sold in 2014 included high value homes, which skewed the average price per square foot higher last year, thus the decline in price per square footage in 2015 was compositional. For homes in the sample that have been sold multiple times since CMHC's survey began, there was an average compound annual growth

Iqaluit Total Residential Sales				
	2012	2013	2014	2015
Residential Sales	63	60	55	61
Average Price	\$410,073	\$433,951	\$473,080	\$493,281
Median Price	\$411,421	\$475,500	\$486,330	\$529,000
Avg. Price Sq. foot	\$255	\$273	\$285	\$278
Source: CMHC				

²⁶ Source: Nunavut Bureau of Statistics, Nunavut Population Estimates by Sex, Age Group, Region and Community.

²⁷ Source: Statistics Canada, prepared by the Nunavut Bureau of Statistics, Labour force Tables for Iqaluit. (March-December).

²⁸ Source: CMHC calculation, Statistics Canada Tables 051-0037, 51-0017, and 51-0045.

²⁹ Source CMHC market survey.

Iqaluit Residential Sales by Type

2015	Single-detached	Condo/Row/Semi
Residential Sales	41	20
Average Price	\$465,127	\$550,997
Median Price	\$475,000	\$557,396
Ave. Price Sq. foot	\$286.68	\$263.07

Source: CMHC

rate of 6.6 per cent, with an average duration between sales of six years. The repeat sales sample is important for gauging appreciation in the market because it controls for the compositional component of price growth³⁰.

Despite the fact that most new construction focuses on apartments or row units, the majority of transfers are single detached units. In total, 41 transfers, or 67 per cent of total transfers, were single-detached units, and the remaining 20 transfers were row and semi-detached units. The average price of a single-detached unit declined from \$481,756 to \$465,127, while the average price per square foot increased from \$279 to \$287. Note that the small sample sizes mean that some movement in the averages are compositional in nature.

Multi-unit sales excluded apartment units in 2015, which drove average prices higher in the sample. The average price of a multi-unit home was \$550,997 in 2015 compared with \$461,873 in 2014. This is because the sample was entirely row and semi-detached homes, which have higher total square footage than apartments. However, in terms of price-per-

square-foot, apartments tend to cost more. Therefore, price-per-square-foot declined from \$294 in 2014 to \$263 in 2015, reflecting the lack of apartment sales.

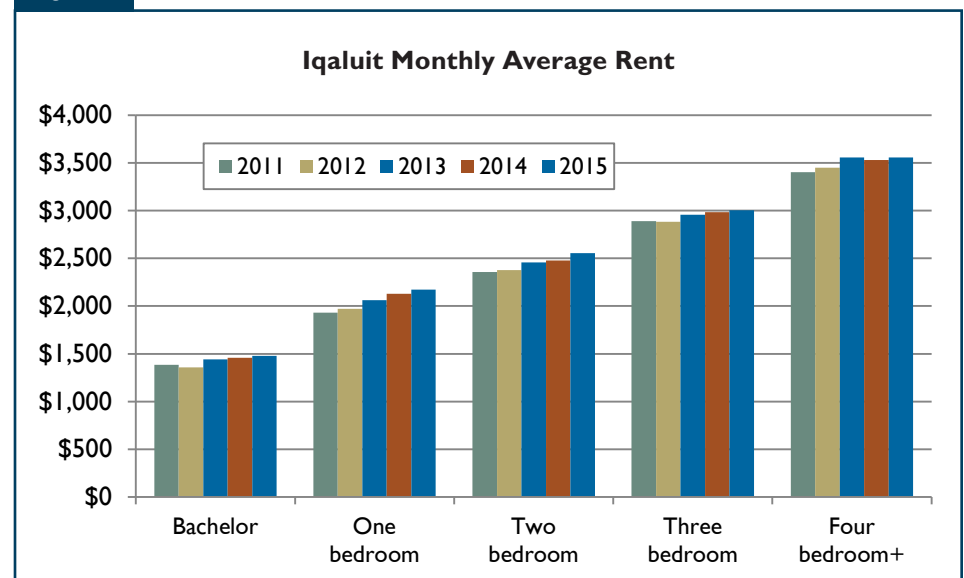
Rental Market

According to the results of CMHC's annual rental market survey in Iqaluit, the rental universe increased from 2,045 in 2014 to 2,058 units in 2015, of which 424 were social housing

units, which increased from 354 in 2014. Removing social housing units gives a rental universe of 1,634 units in 2015, and this total universe is comprised of the following housing types: apartments (59 per cent), row units (19 per cent), semi-detached (two per cent), single-detached (three per cent), and not specified (17 per cent). Out of the 1,634 units in the universe, 82 were listed by the landlord as vacant giving a vacancy rate of 5.0 per cent, down from 5.4 per cent in 2014. At least some of the vacant units in the universe were known to be empty due to renovation, however no count of units under renovation was provided to CMHC.

The average rent of all units increased from \$2,462 in 2014 to \$2,511 in 2015, which is an increase of \$49 per month. The largest increase in rent was in two-bedroom units, the most common bedroom type, which increased \$76 per month to \$2,554.

Figure 7



Source: CMHC Survey (does not include public housing units)

³⁰ Please note, CMHC's sample of repeat sales is not large enough to isolate appreciation in 2015 alone, because very few homes are sold one year after a previous sale.

Iqaluit has the highest average monthly rents in the country. By comparison, Canada as a whole has an average monthly rental rate of \$939 per month for two bedroom apartments. Further, the share of larger rental units, three or more bedrooms, was 11 per cent of the national purpose-built rental market, but in Iqaluit that share was 24 per cent, meaning larger rental units are a more common feature of the purpose-built rental market in Iqaluit than in the rest of Canada³¹.

Rental Market Survey Methodology

The purpose of the CMHC survey was to identify residential accommodation in Iqaluit available for long-term rental and identify the current market rent on those units. The survey was conducted over a six-week period, from mid-November to year-end 2015. Our survey depends on the input of developers, building owners, two levels of government, and their respective housing officials. CMHC acknowledges their hard work and assistance in providing timely and accurate information.

Average Monthly Rent - by bedroom type (excluding social housing)

	2014	2015	Yr/Yr Change
Bachelors	\$1,457	\$1,477	\$20
One-bedroom	\$2,130	\$2,172	\$42
Two-bedroom	\$2,478	\$2,554	\$76
Three-bedroom	\$2,984	\$3,005	\$21
Four-bedroom+	\$3,531	\$3,556	\$25
Total Average	\$2,462	\$2,511	\$49

Source: CMHC

Rental Universe - 2015

Units	
Bachelors	59
One-bedroom	598
Two-bedroom	642
Three-bedroom	346
Four-bedroom	59
No BR Identified (Social)	354
Total	2,058

Source: CMHC

³¹ Please note, the survey of the rental universe in Iqaluit is not directly comparable to the survey used in the rest of the country, because it includes units that would be omitted in the rest of Canada. Nonetheless, there remains major differences in the measured outcomes.

DEFINITIONS AND METHODOLOGY

New Home Market

Historical home starts numbers are collected through CMHC's monthly **Starts and Completions Survey**. Building permits are used to determine construction sites and visits confirm construction stages. A **start** is defined as the beginning of construction on a building, usually when the concrete has been poured for the whole of the structure's footing, or an equivalent stage where a basement will not be part of the structure.

Single-Detached Start:

The start of a building containing only one dwelling unit, which is completely separated on all sides from any other dwelling or structure.

Semi-Detached Start:

The start of each of the dwellings in a building containing two dwellings located side-by-side, adjoining no other structure and separated by a common or party wall extending from ground to roof.

Row (or Townhouse) Start:

Refers to the commencement of construction on a dwelling unit in a row of three or more attached dwellings separated by a common or party wall extending from ground to roof.

Apartment and other Starts:

Refers to the commencement of construction on all dwellings other than those described above, including structures commonly known as stacked townhouses, duplexes, triplexes, double duplexes and row duplexes.

Average and Median Single Detached Home Prices:

Are estimated using CMHC's **Market Absorption Survey**, which collects home prices at absorption and measures the rate at which units are sold or rented after they are completed. Dwellings are enumerated each month after a structure is completed until full absorption occurs. The term "**absorbed**" means that a housing unit is no longer on the market as it has been sold or rented.

New Home Price Indexes:

Changes in the New Home Price Indexes are estimated using annual averages of Statistics Canada's monthly values for New Housing Price Indexes (NHPI).

Resale Market

Historical resale market data in the summary tables of the Housing Market Outlook Reports refers to residential transactions through the Multiple Listings Services (MLS®) as reported by The Canadian Real Estate Association (CREA). In Quebec, this data is obtained by the Centris® listing system via the Quebec Federation of Real Estate Boards.

MLS® (Centris® in the province of Quebec) Sales:

Refers to the total number of sales made through the Multiple Listings Services in a particular year.

MLS® (Centris® in the province of Quebec) Average Price:

Refers to the average annual price of residential transactions through the Multiple Listings Services.

Rental Market

Rental Market vacancy rates and two bedroom rents information is from Canada Mortgage and Housing Corporation's (CMHC's) October **Rental Market Survey** (RMS). Conducted on a sample basis in all urban areas with populations of 10,000 and more, the RMS targets privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey obtains information from owners, managers, or building superintendents through a combination of telephone interviews and site visits.

Vacancy Rate:

The vacancy rate refers to the average vacancy rate of all apartment bedroom types. A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Two Bedroom Rent:

The rent refers to the average of the actual amount tenants pay for two bedroom apartment units. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water.

Economic Overview

Labour Force variables include the Annual Employment Level, Employment Growth, Unemployment Rate. Source: Statistics Canada's Labour Force Survey.

Net Migration:

Sum of net interprovincial (between provinces), net intra-provincial (within provinces), net international (immigration less emigration), returning Canadians and temporary (non-permanent) residents as provided to the CANSIM database by Statistics Canada's Demography Division. Sources of inter-provincial and intra-provincial migration data include a comparison of addresses from individual income tax returns for two consecutive years from Canada Revenue Agency (CRA) taxation records. The migration estimates are modelled, with the tax file results weighted to represent the whole population.

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