

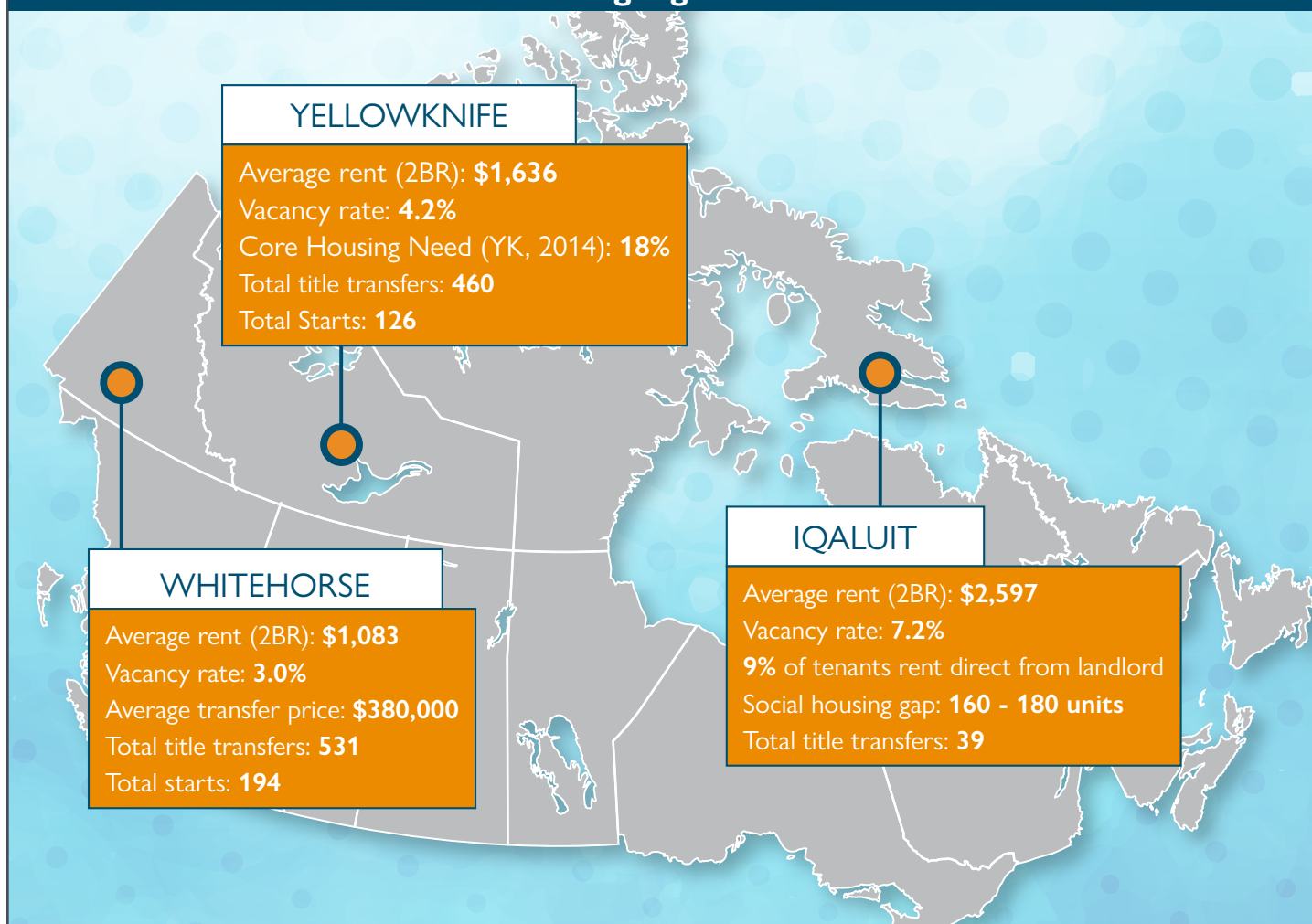
NORTHERN HOUSING REPORT



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: 2017

Highlights*



* The forecasts and historical data included in this document reflect information available as of December 31, 2016, unless indicated.

Whitehorse

Economy and Demographics

Yukon's real GDP by industry increased 8.2% in 2016; a substantial rebound from the six per cent decline experienced in 2015.¹ Higher mining output and ore grades contributed to the Yukon Government forecasting GDP to remain relatively flat throughout 2017, at just 0.1%.²

The first quarter of 2017 saw copper prices begin to rebound in the marketplace, and Capstone Mining Corp. subsequently announcing in April 2017 their revised plans to keep Minto active to 2020, or beyond if further deposits are available for re-inclusion into reserves.³ At the time of the announcement, all previously laid-off workers had been rehired, and 306 employees continued production at the site. Due in part to the extension of the Minto mine, The Conference Board of Canada is forecasting a 6.8% increase in real GDP in 2018.⁴

Tourism continued to be an important contributor to Yukon's economy in 2016, with growth in the number of international travelers and tourism related spending and revenues. In 2016, it was estimated 419,244 international travelers visited the Yukon, up 3.5% from the previous year.⁵ With the Canadian dollar expected to remain relatively low

compared to the US dollar in 2017, travel to the Yukon will continue to appeal to international travelers. In addition, domestic travel will become more appealing to Canadian travelers, as cross-border travelling is relatively more costly. The Canadian Tourism Research Institute forecasts the number of overnight visits to the Yukon will increase by 3.0% in 2017, with expenditures by overnight visitors expected to increase by 5.9% to \$321 million.⁶

Yukon's labour market performed well in 2016, as employment increased 6.6% year-over-year in December 2016. The Yukon also posted the highest proportion of full-time workers across all provinces and territories at 85.1%.⁷ In addition, at 5.6%, the unemployment rate in 2016 was the lowest provincial or territorial rate in Canada. Building on gains in 2016, employment continued to grow in the first quarter of 2017 with 600 jobs created. This has helped lower the unemployment rate to 4.4%. The extension of Minto mine's operations and increased tourism has helped create employment in the Yukon.

According to the Yukon Government, the Territorial population grew for the 13th consecutive year in 2016.⁸ As of December 31, 2016 the estimated population of the Yukon was 38,293 with approximately 29,617 people living within the City of Whitehorse.⁹ Population growth is being supported

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by positive net migration. Net migration levels increased in 2016, with 344 net new migrants moving to the Territory, the majority from international locations.

Affordability

Affordable housing is a concern for many Canadians, and the situation is no different for Yukoners. Both the Yukon Government and the Government of Canada have recently announced investments in affordable housing for the Region, totaling just over \$33 million.¹⁰ Further, the City of Whitehorse is conscious of rising land prices, and is looking for ways to boost neighbourhood development, and increase housing supply.¹¹ The Yukon Housing Corporation (YHC) currently manages 664 social housing units throughout the Territory, with 427 of those units located in Whitehorse. YHC also administers a Downpayment Assistance Program to assist those wishing to transition from rental to homeownership.¹²

¹ <http://www.statcan.gc.ca/daily-quotidien/170501/dq170501a-eng.htm>

² Yukon Finance. 2017. "Yukon Economic Outlook"

³ Capstone Mining Corp. Minto Operations. <http://capstonemining.com/operations/minto/operations/default.aspx> Accessed May 30, 2017.

⁴ Conference Board of Canada. The Economic Outlook: Light at the End of the Tunnel: Conditions Improve for the Territories. Webinar slides. Accessed May 25, 2017.

⁵ Yukon Finance. 2017. "Yukon Economic Outlook"

⁶ Ibid.

⁷ Ibid.

⁸ Yukon Finance. 2017. "Yukon Economic Outlook"

⁹ Yukon Bureau of Statistics. 2017. "Yukon Monthly Statistical Review". April 2017. http://www.eco.gov.yk.ca/stats/pdf/mr_Apr2017.pdf

¹⁰ Yukon Finance. 2017. "Yukon Economic Outlook"

¹¹ Whitehorse Daily Star. 2017. "Residents would be consulted on proposed new lots". May 2017. <http://whitehorsestar.com/News/residents-would-be-consulted-on-proposed-new-lots>

¹² Yukon Housing Corporation. 2017. "Social Housing: Accessed May 23, 2017. <http://www.housing.yk.ca/shp.html>

According to the 2015 Survey of Household Spending conducted by Statistics Canada, the average household income in Whitehorse was the fourth highest in Canada at \$111,622, with average total household expenditures of \$95,529 annually, including shelter costs.¹³ The average shelter component for Whitehorse, was the fourth highest in Canada at \$20,157, well above

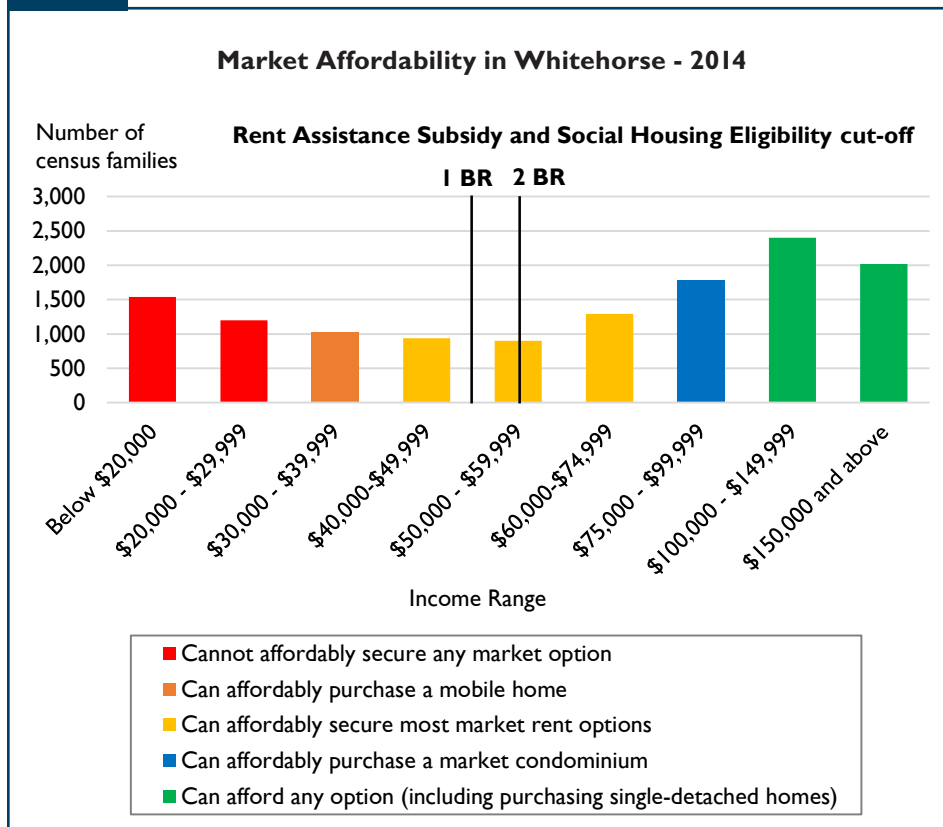
the Canadian average of \$17,509. As shown in the Market Affordability chart, approximately 21% of Whitehorse’s population cannot afford to secure any market options (either rental or homeownership), while 34% of families are able to access all available options. In Whitehorse, using the Core Housing Need Benchmark, published in 2014, mobile home ownership is considered

affordable for families with incomes of \$32,000, while it requires a minimum income of \$36,000 per year to rent a two-bedroom unit in the city of Whitehorse.

Rental Market

After holding at 3.5% for the previous two years, stronger rental demand edged the average apartment vacancy rate in Whitehorse down to 3.0% in October 2016. During this time, the purpose-built rental universe increased by 35 units to 1,036 units, while the number of vacant units dipped from 35 to 31. One and two-bedroom units continued to comprise the majority of vacant units, while bachelor and three-plus bedroom units posted vacancy rates just over 1%. As of the first quarter 2017, no additional purpose-built rental construction had been started within the city of Whitehorse; however, as of March 2017, 91 rental apartment and row units were under construction. This represents the highest level of rental construction observed in over 10 years and will result in a substantial increase to the rental stock once these units are completed. It is expected this increased supply will place upward pressure on the vacancy rate as the units begin to enter the rental market later in 2017. In addition, rental units will continue to experience turnover in face of competition from the homeownership market as renters transition to homeownership, especially if options such as mobile homes offer comparable cost alternatives. It is anticipated the eight per cent increase in supply will outpace demand, leading to an increased vacancy rate of 3.5% in 2017.

Figure 1



Sources: Statistics Canada, Yukon Housing Corporation, Yukon Real estate Association and CMHC

Note: The cost of owning a mobile home is considered affordable by the Core Housing Need (CHN) affordability criterion, spending no more than 30% of income on housing, to families earning \$32,000 per year; cost of renting a 1BR is affordable to a family with income of \$34,000 per year; renting 2BR is affordable to a family with income of \$36,000 per year; buying a condominium is affordable to families earning \$71,000 per year and owning a single detached home is affordable to families earning \$85,000 per year.

¹³ Yukon Bureau of Statistics. 2017. "Household Spending in Whitehorse 2015". Accessed May 23, 2017. http://www.eco.gov.yk.ca/stats/pdf/2015_Survey_Household_Spending_R.pdf

Figure 2



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

Increased rental demand has put upward pressure on average rents in Whitehorse. The average two-bedroom rent increased from \$1,029 to \$1,083 in October 2016 compared to the previous year. CMHC expects the two-bedroom average rent to increase modestly in 2017, as new rental units, which tend to be more expensive than existing stock, helps lift the average. As a result, the average purpose built two-bedroom apartment rental rate is expected to rise to \$1,100 in October 2017.

Resale Market

The Whitehorse resale market continued to grow in 2016, recording 531 sales transactions, up 11% year-over-year. Semi-detached units experienced the largest gains, increasing 23%, to 37 sales year-over-year, while mobile homes also continued to grow in popularity increasing 17%. After holding relatively stable in 2015, single-detached unit sales increased 13% in 2016, accounting for 285 sales, the highest level in five years. Strong sales demand was echoed by a five per cent increase in average price,

to \$380,000 from \$361,968 one year prior. However, some of this growth may be compositional as single-family homes accounted for a slightly higher proportion of sales in 2016.

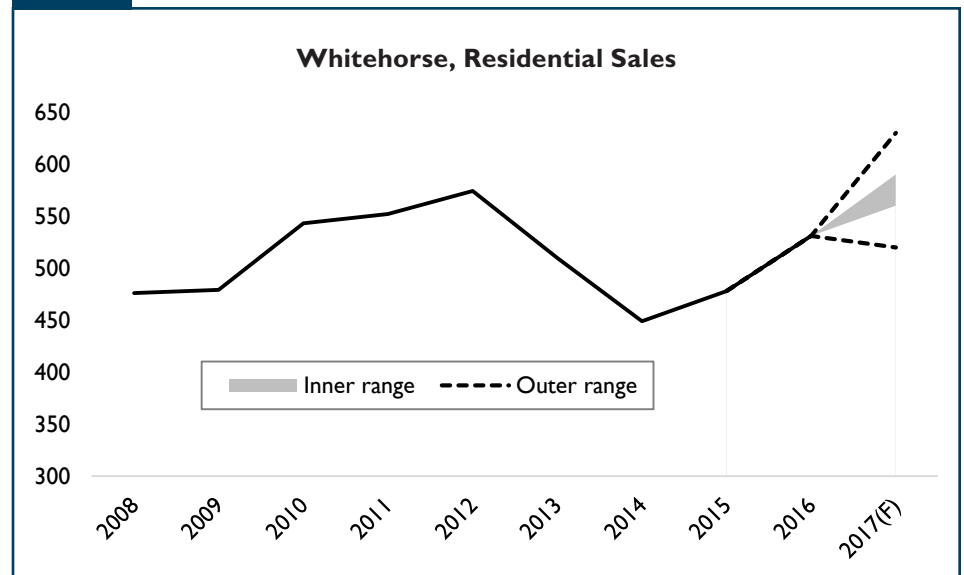
Whitehorse’s resale market continued to show signs of growth in the first quarter of 2017. MLS® sales, which do not include private transactions, were up 59% year-over-year to 97 sales. At the same time, both new and

active listings declined indicating the balance between demand and supply is moving in the direction of favouring the seller. Of the 97 transactions, over half were single-detached units. The strong growth in Whitehorse’s resale market is expected to continue through 2017, with sales forecast to range between 560 and 590 units. The increased demand for sales, along with the strength of the single-detached market will lift the average resale price upwards, ranging between \$394,000 and \$404,000.

New Home Market

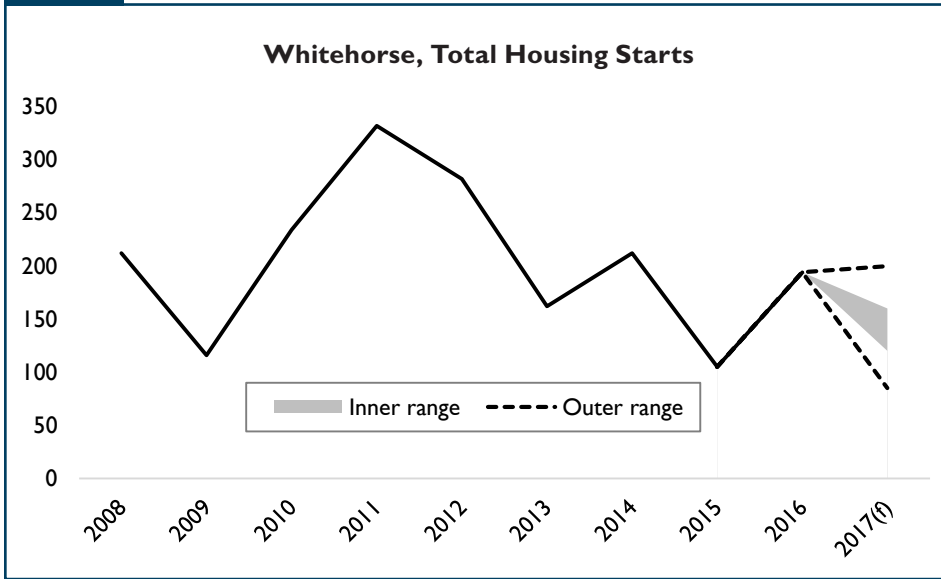
After declining by more than 50% to 105 units in 2015, housing starts in Whitehorse rebounded to 194 units in 2016, slightly off of the previous five-year average of 218. Both single-detached and multi-family segments contributed to the 85% increase in total housing starts in 2016. Single-detached construction increased 43% year-over-year to 87 units. Multi-family units posted the strongest gains, increasing 143% to 107 units, due in part to 46 rental apartment units initiated in the fourth quarter of 2016.

Figure 3



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

Figure 4



Source: CMHC, (F): Forecast

New construction continued to be focused within Whitehorse's Whistle Bend development. As of April 2017, only two single detached and two multi-family lots remained unsold in Phase 2. It is anticipated that residential lots in Phase 3 will become available later in 2017, and will remain popular with potential homeowners. In addition, the Planning and Sustainability Department for the City of Whitehorse brought forward a proposal to city council identifying a number of potential infill sites within existing neighbourhoods for subdivision in an effort to further boost housing supply and ease pressure on housing prices. If approved by council in May 2017, it is hoped public consultation will take place in June and subsequent site developments would start during the second half of the year.

In the first quarter of 2017, only three single detached housing starts were recorded in the City of Whitehorse. However, it is not uncommon for

the first quarter of the year to produce relatively few starts due to cold weather. The number of units under construction is on par with the previous two years, at 9 units as of March 2017. With limited available lots until later in the year, single-detached construction is expected to decline slightly in 2017, ranging between 55 and 60 units.

As previously mentioned, multi-family units comprised the majority of new construction activity in 2016. This continues to be the case in 2017, with the first quarter recording 13 multi-family starts. However, in contrast to the latter half of 2016, the majority of multi-family starts in the first quarter were row housing units. As was the case with single-detached construction, the availability of multi-family lots is expected to slow construction through 2017, with multi-family starts forecast to range between 75 and 85 units.

Risks to Forecasts

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 servicing of the Whistle Bend Phase 3, or City of Whitehorse infill lots are delayed, pushing some or all of the starts into 2018. If this occurs, total housing starts could approach the lower bound of the outer range of 85.
- If the servicing of new lots for both the potential infill sites and Whistle Bend Phase 3 is completed earlier than anticipated, there is an upside risk that total housing starts may approach the upper bound of the outer range of 200.
- Continued improvements 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 630 sales.
- Continued optimism with respect to the mining and tourism sectors, could draw more people to the Yukon seeking employment. Increased migration to the area would increase rental housing demand, lowering the vacancy rate and increasing average rental rates.

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:

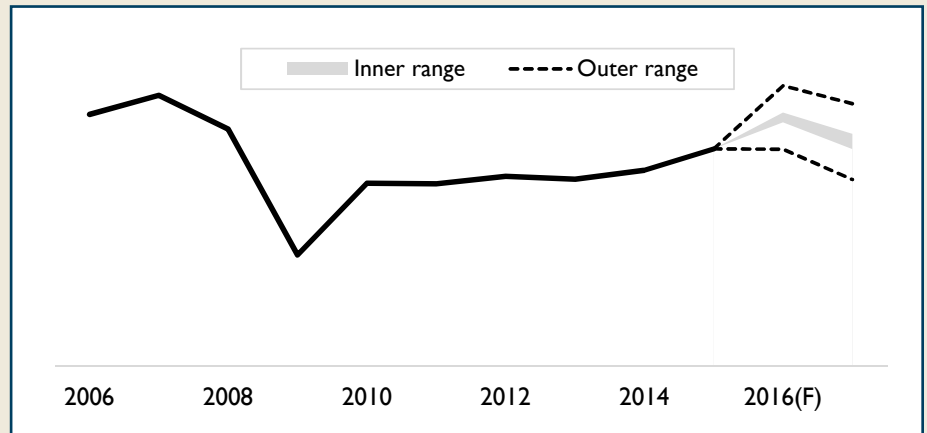
- An inner range, which provides more precise guidance to readers on the outlook while recognizing the small random components of the relationship between the housing market and its drivers. This inner range is based on the coefficient of variation* of historical data and on past forecast accuracy. This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

Whitehorse Forecast Summary 2017

	2014	2015	2016	2017(F)	
				(L)	(H)
New Home Market					
Total Starts (units)*	212	105	194	120	160
Single-Detached Starts	109	61	87	55	60
Multiple Starts	103	44	107	75	85
Real Estate Transactions**					
Residential sales	449	478	531	560	590
Average price (\$)	362,246	361,968	380,000	394,000	404,000
Rental Market(Q4 data)†					
Apartment Vacancy Rate (%)‡	3.5%	3.5%	3.0%	3.5%	
Average Two-Bedroom Apartment Rent (\$)	997	1,029	1,083	1,100	

*It is possible that the low and the high end of forecast ranges for housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

**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

Economy and Demographics

Last year was a mixed year economically for the mining industry in Northwest Territories (NWT). Mining production around the territory was down 30% from 2015 to \$1.28 billion¹⁴ in 2016. The Snap Lake diamond mine and the Cantung Tungsten mine also ceased their operations. However, De Beers began extraction at the new Gahcho Kué diamond mine 280 km north of Yellowknife. Gahcho Kué should help support the NWT economy in 2017. In addition, tourism has continued to grow and the Territorial government has increased spending to help promote this sector.¹⁵

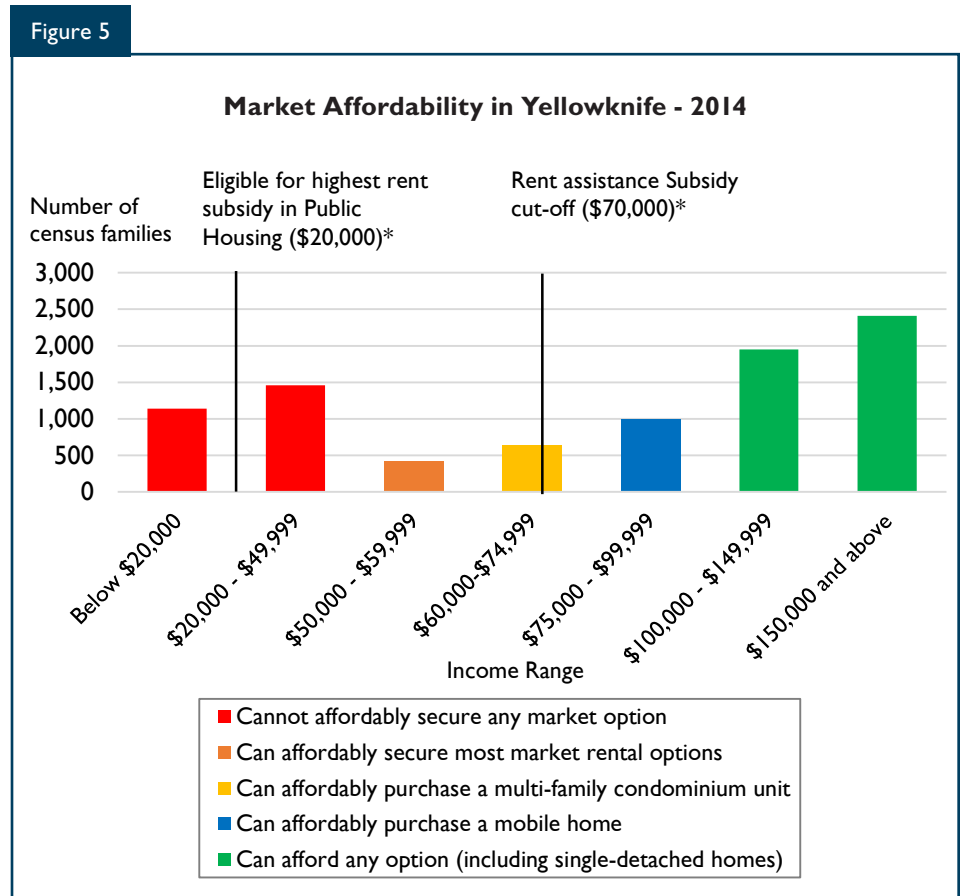
Total employment in the Territory increased 2.7% between 2015 and 2016 to 22,500 jobs, thanks to an increase in public sector employment. This more than offset the decline in private sector employment which decreased four per cent to 12,000. However, the Territorial budget for 2017-2018 will result in a decrease in public sector employment as departments amalgamate¹⁶. Public employees now make up about half of the territory's workforce¹⁷.

In 2016, lower economic activity and reduced government spending have resulted in a stronger net outflow from the territory than in 2015. Between the two years, 615 more people left the territory than

entered it¹⁸. Average weekly earnings in the NWT decreased, likely due to reduced mining activity¹⁹. This helped reduce housing demand overall, putting downward pressure on rents and house prices in 2016.

Affordability

The market affordability chart indicates the number of census families in Yellowknife that can interact with various segments of the housing market, with or without subsidy. The income distribution of



Sources: Statistics Canada, and CMHC

Note : The cost of rent for a 1BR is considered by the CHN affordability criterion, spending no more than 30% of income on housing, to be affordable to households making \$55,000 a year, a 2BR is affordable to households making \$67,000 per year, purchasing a condo is affordable at \$71,000 and purchasing a modular home is affordable to households earning \$80,000 per year, and a single detached is considered affordable at \$133,000.

*Rent assistance from the NWT HC TRSP Program is provided to households paying over 30% of their income in rent in the private rental market, if they make less than \$70,000. Households making less than \$20,000 a year are eligible for rent between \$70 and \$80 in NWT HC Public Housing.

¹⁴ Natural Resources Canada. 2017. "Annual Statistics of Mineral Production." Accessed May 11, 2017. <http://sead.nrcan.gc.ca/prod-prod/ann-ann-eng.aspx>

¹⁵ Government of the Northwest Territories. 2016. "2016-2017 Budget Highlights." June. Accessed May 11, 2017. <http://www.fin.gov.nt.ca/forms-documents/2016-2017-budget-highlights>

¹⁶ Government of the Northwest Territories. 2017. "2017-2018 Budget Address." February. Accessed May 11, 2017. <http://www.fin.gov.nt.ca/budget/budget-address>.

¹⁷ NWT Bureau of Statistics. 2017. "2016 NWT Annual Labour Force Activity." <http://www.statsnwt.ca/labour-income/labour-force-activity/2016%20Annual%20LFA.pdf>

¹⁸ NWT Bureau of Statistics. 2017. "Population Estimates." <http://www.statsnwt.ca/population/population-estimates/>

¹⁹ NWT Bureau of Statistics. 2017. "Average Weekly Earnings." <http://www.statsnwt.ca/TSR/series.php?seriesid=V1810725>

Yellowknife has been coloured, and each colour represents the most expensive housing option that is defined as affordable to those in that section of the income distribution²⁰. The vertical lines represent income thresholds where various housing assistance programs cut off, thus providing a spectrum of the household population that could be eligible for assistance²¹.

Most of the population of Yellowknife, at 72%, could affordably rent or own at market rates without government assistance. That implies a sizable minority cannot. The Northwest Territories Housing Corporation (NWTHC) provides assistance both to renters and homeowners. NWTHC assistance comes in several forms, the most supportive being significantly reduced rents in social housing, while the most modest is the Transitional Rent Supplement Program (TRSP). Under this program, households that earn under \$70,000 and pay over 30% of their income in rent are eligible to have their rent subsidized by up to \$500 a month for two years. The income threshold of the TRSP is well calibrated, as it covers all members of the income distribution that could not fully afford market housing. However, uptake of the program has been poor. In 2015, only 68 people across the Territory used the program²², and only 158 people have used the program from 2012 to 2015. Meanwhile, core housing need in Yellowknife increased from 9.1% in 2009 to 17.8% in 2014²³, the majority of which was due to affordability. The poor uptake may be partially due to the temporary nature of the program, which will not

be appropriate for households that require longer term support. Further, a rent supplement of \$500 may not be sufficient to bring rent costs to 30% of some household's income in Yellowknife. After reviewing the program and conducting engagement surveys, the NWTHC will be introducing a new rent support program²⁴.

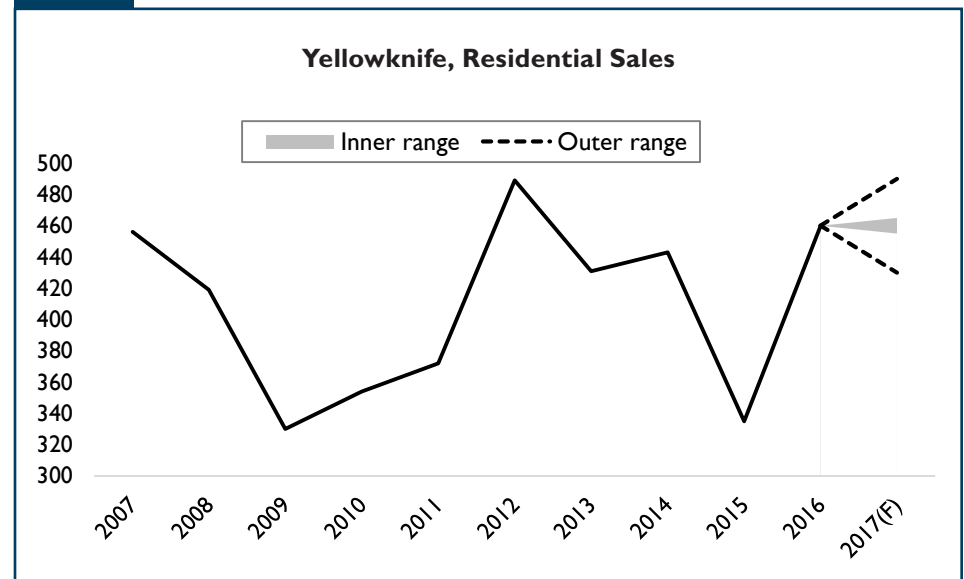
Rental Market

Weaker economic conditions have put upward pressure on vacancy rates in the primary rental market. Vacancy rates have risen to 4.2% in 2016 from 1.9% in 2015. Increased vacancy rates were due to weaker demand. The condo market has also grown providing tenants and other prospective buyers with additional housing options. This has also contributed to a rise in the vacancy rate, and have led to rent declines.

Same-sample rent for a two-bedroom unit in Yellowknife decreased by 2.2% between 2015 and 2016. Overall, the two-bedroom average rent was \$1,636 in October of 2016 compared to \$1,700 in 2015.

Although territorial mining output is expected to expand, rental demand may not see a significant boost. Mines such as Gahcho Kué, have on-site accommodations so employees may not need to find their own housing in the primary rental market. Expanded public employment may help boost rent rolls in Yellowknife, although with further job cuts from the Territorial government expected, it will likely be modest. Thus, we expect vacancy rates to decline slightly to four per cent in 2017. Rents are expected to begin to stabilize after declining last year as the vacancy rate moves lower.

Figure 6



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

²⁰ Affordability is defined as costing less than 30% of a household's pre-tax income, consistent with the affordability criterion of our Core Housing Need measure.

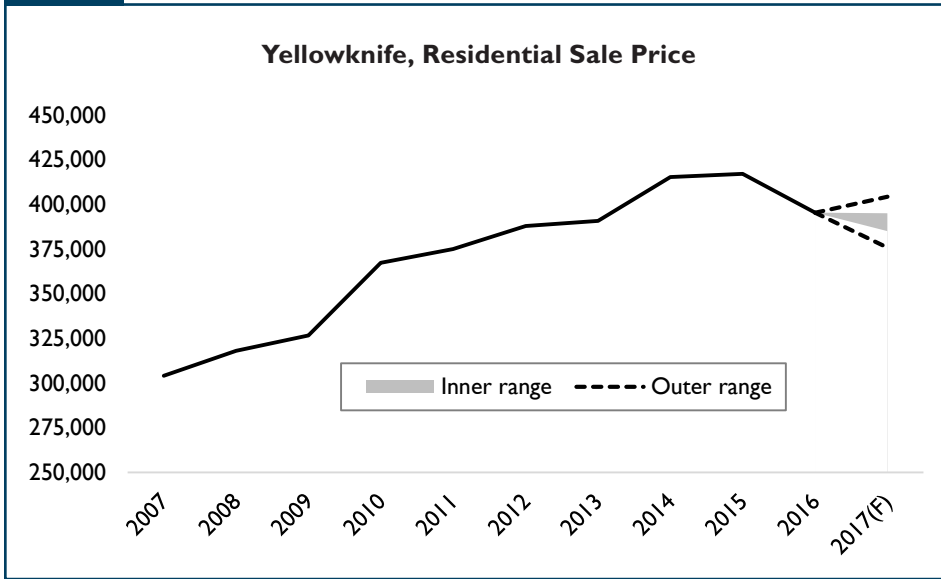
²¹ More information is available on the Northwest Territories Housing Corporation's website

²² Guy Quenville. 2015. "N.W.T. rent supplement program underused, says minister." CBC News. February

²³ NWT Housing Corporation. 2014. "2014 NWT Community Survey – Summary of Housing Results." NWTHC Report. October

²⁴ NWTHC, Media Relations, interviewed by Tim Gensey. 2017 (June 1st)

Figure 7



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

Resale Market

Residential transaction activity was strong during 2016 relative to 2015, where 460 sales were recorded, 33% more than the year before. This activity was driven by people moving into home ownership, as sales increased despite net out migration. Buyers continue to purchase condo units, as 88 condos sold in 2016, compared to 77 in 2015 and 69 the year before. Mobile home units have also become more popular. These two compositional effects have led to a decline in overall average prices even as sales experienced strong growth. The average land transfer price in Yellowknife was \$395,500 in 2016, one per cent below the year before.

Looking towards the rest of 2017 expect sales to be strong, but down from 2016 levels, as the economy regains some strength. Between 430 and 490 sales are expected in 2017. Most of the uncertainty is due to the unknown effects Gahcho Kué will have on the market. If more miners than expected take up residence in Yellowknife, expect sales to be near the higher end of the forecast range.

The average price will continue to decline as preferences towards condo and mobile continue to emerge. It is expected that average prices will range between \$375,500 and \$405,000 in 2017, depending highly on composition.

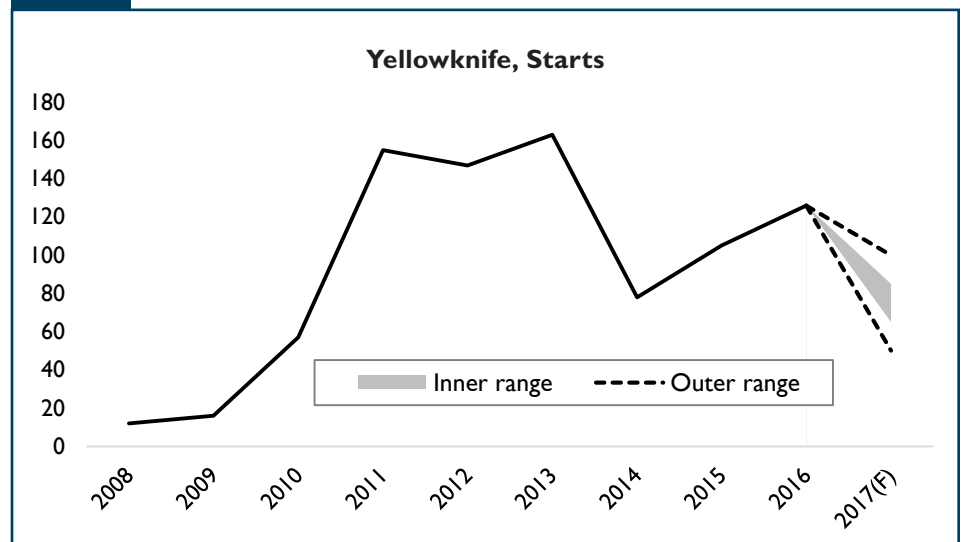
New Home Market

Yellowknife witnessed strong new home construction activity in 2016 in both single family and multi-family

homes. Housing construction was facilitated by a large number of lots being released to builders. In 2016, 59 single-detached homes were started, 41% more than the year before. This was the highest number of single-detached units started since 2004. Multi construction was also stronger in 2016, at 67 multi units started, compared to 63 in 2015 and 38 in 2014. However, this is below the peaks recorded in 2011 to 2013, where multi construction ranged from 147 in 2012 to 163 in 2013.

Following a strong year in 2016, single starts are forecast to decline in 2017. The availability of lots has a big influence on the pace of new construction in any given year. With fewer lots released in 2017, single-detached starts are forecast to range between 40 and 50 units. On the multi-side, even though condo units have become more popular, little land has been made available for new units. Between 25 and 35 multi units are expected to be started in 2017, with most of the units being semi-detached units. Both forecasts depend on how many buildings permitted to start are actually initiated.

Figure 8



Source: CMHC, (F): CMHC Forecast

Risks to the forecast

With increased focus on tourism, more employees could be required to operate tourist sites and Northern Lights viewing tours. Increased tourism employment will likely affect the rental market more so than the resale market due to the seasonal nature of tourism. Although Mining

projects around Yellowknife are fly-in fly-out, thus mitigating the overall support to the local housing market, some miners may either build new homes or buy resale homes to have their families closer to their place of work. Weaker mineral prices could reduce the positive support mining provides to Yellowknife's housing markets. The NWT government

has begun to find the savings it was looking for by combining departments. This could allow the government to provide more services while still maintaining a fiscal surplus. Increased government activity would provide upward pressure for all segments of Yellowknife's housing market.

Yellowknife Forecast Summary 2017

	2014	2015	2016	2017(F)	
				(L)	(H)
New Home Market*					
Total Starts (units)	78	105	126	65	85
Single-Detached Starts	40	42	59	40	50
Multiple Starts	38	63	67	25	35
Real Estate Transactions					
Residential sales	443	345	460	430	490
Average price (\$)	415,350	417,000	395,500	375,500	405,000
Rental Market (October Survey)					
Apartment Vacancy Rate (%)	4.8%	1.9%	4.2%	4.0%	
Average Two-Bedroom Apartment Rent (\$)	1,686	1,700	1,636	1,640	

Source: CMHC, CMHC Forecast

*It is possible that the low and the high end of forecast ranges for housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Iqaluit

Overview

Housing for residents of Nunavut is primarily non-market based, although some in Iqaluit directly interact with the private rental market or home owner market. Less than half of the population lives in this type of housing. The vast majority of the population lives in non-market housing, which includes social housing, subsidized housing for government employees and, housing provided to employees by private firms, or is homeless. Within the rental market alone, 22% of the units are rented out by the Nunavut Housing Corporation (NHC) as social housing units, however it is unclear how many people are housed in these units, especially as unit over-crowding is a concern²⁵. The territorial and federal government rent 40% of the units for staff housing. Thus much of the housing in Iqaluit is not market based as is the case in the rest of Canada, and government subsidies have a relatively significant influence on housing outcomes in Iqaluit.

Government and Economic Overview

The Government of Nunavut (GN) receives the majority of its funding from the federal government. The GN was expecting to run a balanced budget in 2016-2017, but a decrease in federal transfers has resulted in an operating deficit for the Territory²⁶. The territory expects to run an operating surplus in 2017-2018²⁷, and will allocate more spending to housing and education.

The NHC receives funding directly from the GN and the Federal Government for housing through CMHC. Operating deficits may impair the NHC's ability to build or rent units in 2016, but federal funding can help alleviate the shortfall. In the 2017 federal budget, \$240 million over four years has been earmarked to build housing in Nunavut²⁸. The territory will use this funding to build 90 social units across the territory in 2017-2018. Iqaluit is slated to receive new public housing units starting in 2018 or 2019²⁹.

Iqaluit serves as a business hub for mining services on Baffin Island. The closest mine to being developed is

the Chidliak diamond mine 100 miles north of Iqaluit³⁰. Diamond prices have increased, but low to mid quality diamond prices have declined³¹. These are type of diamonds prevalent in the Chidliak mine. Although mine construction and output grew³² mining support activities declined 28.8 percent from \$67 million to \$48 million, likely having an impact on Iqaluit private housing markets.

Employment data for Iqaluit is released with a one year lag, so labour trends noted here are inferred from Nunavut level data. Over 2016, the territory added 800 jobs³³, representing employment growth of 6.3%. Most of these jobs were in the private goods producing sector. It must be noted that during 2016, work on the Meliadine gold mine near Rankin Inlet intensified³⁴, likely making up a large number of those private sector jobs gains. In addition, 100 employees joined the public service during 2016. The employment rate remains low relative to the national average of 61.1%. Only 56% of all citizens of Nunavut, and 48% of Inuit citizens, are employed³⁵.

²⁵ Dyck, Hon. Lillian Eva, Patterson, Hon. Dennis Glenn. 2017. "We Can Do Better: Housing in Inuit Nunangat." Report of the Standing Committee on Aboriginal Peoples. March.

²⁶ Patterson, Hon. Keith. 2016. "Budget 2016-2017, Budget Address." Government of Nunavut. February.

²⁷ Patterson, Hon. Keith. 2017. "Budget 2017-2018, Budget Address." Government of Nunavut. February.

²⁸ Ibid.

²⁹ Kuksuk, Hon. George. 2016 "Document I95-4(3) Proposed New Construction for 2017-2018 and 2018-2019." Legislative Assembly of Nunavut. October.

³⁰ Peregrine Diamonds Ltd. 2017. Chidliak Project. February. Accessed April 20, 2017. <https://www.pdiam.com/projects/chidliak>.

³¹ Biesheuvel, Thomas. 2017. "Diamond Industry's Famous Hungry Crocodile Doesn't Cut It." Bloomberg News. March 27. Accessed April 21, 2017.

³² Nunavut Bureau of Statistics, 2017. "Nunavut Real Gross Domestic Product by Industry, 2011 to 2016."

³³ Nunavut Bureau of Statistics. 2017. "Labour Force Characteristics for Those Aged 15 and Over by Inuit and Non-Inuit Identity, Nunavut, 2015 and 2016 (Annual Averages)."

³⁴ Agnico Eagle. 2017. Agnico Eagle - Meliadine Mine. Accessed April 21, 2017. <https://www.agnicoeagle.com/English/operations-and-development-projects/development-projects/meliadine/default.aspx>.

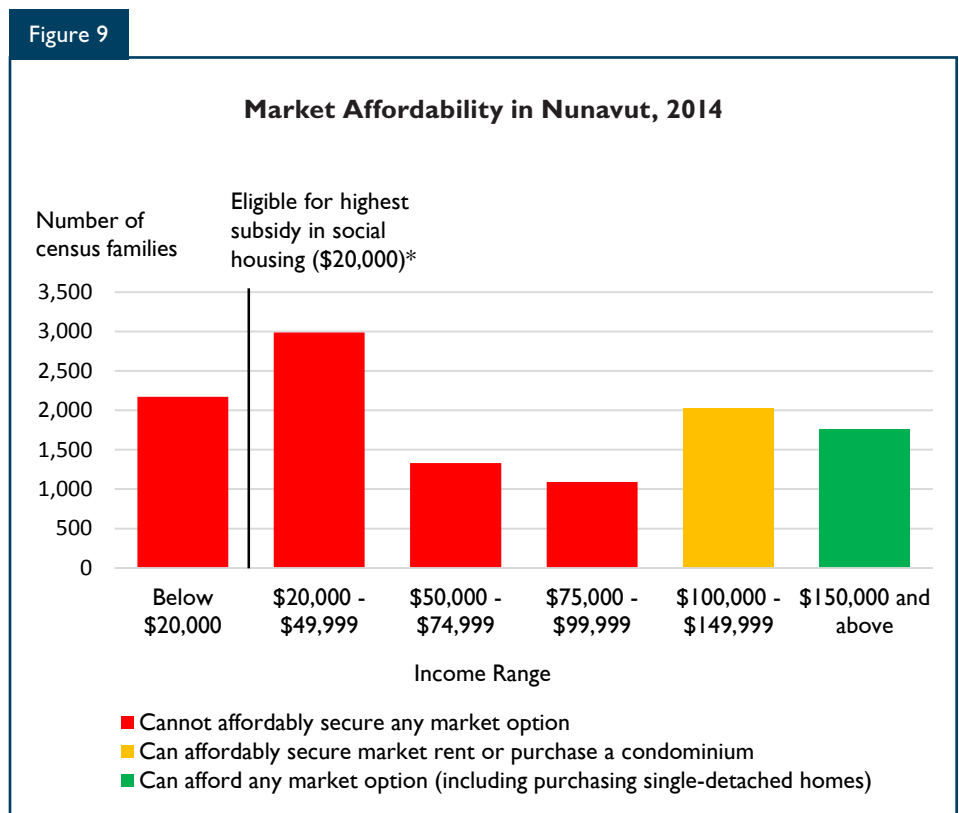
³⁵ Nunavut Bureau of Statistics, "StatsUpdate: Labour Force Annual Average for 2016" 2017.

Nunavut Territory experienced outmigration again this year despite strong economic growth, with 158 more people leaving the territory than entering it³⁶. The population still grew between years due to Nunavut's high birth rate. One-third of the population is below the age of 15³⁷ and the average Nunavut family has 3.6 people compared to the national average of 2.5³⁸. A third of all households have five or more persons. This translates into a more pressing need for social units with multiple bedrooms than in the rest of Canada due to concerns about overcrowding.

Affordability and Social Housing

Housing in Iqaluit is among the most expensive to provide in Canada. Two-thirds of the Nunavut population cannot secure market housing without some sort of assistance from the government or their employer. Iqaluit's largest employer, the public sector, leases 41% of the rental market. The next 23% is leased by private companies to provide to their employees. Only nine per cent of tenancies are such that private tenants pay the landlord directly. Social housing provided by the NHC makes up the remaining 22% of tenancies.

Of the rental units surveyed in Iqaluit, 462 are social housing provided by NHC. This covers all dwelling types. The NHC has completed the construction of 33 new social housing



Sources: Statistics Canada, and CMHC

Note: The cost of rent for a 1BR is considered by the CHN affordability criterion, spending no more than 30% of income on housing, to be affordable to households making \$86,000 a year, a 2BR is affordable to households making \$101,000 per year, purchasing a condo is affordable at \$106,000 per year, and a single detached is considered affordable at \$144,000 per year.

*NHC Social housing rent scales with income larger than \$20,000 per year.

units in Iqaluit in 2016. There are no new social units under construction at this time³⁹ and industry consultation suggests that land availability in Iqaluit may be a factor. Although Iqaluit requires more social units to close the housing gap, it has not been identified as a community in Nunavut with the most severe need⁴⁰. According to the NHC, the stock of social housing units needs

to increase by 35 to 40% in Iqaluit to meet housing needs⁴¹. As such, between 160 and 180 units must be added. Cambridge Bay, one of several communities in most severe need, requires a universe increase greater than 40%.

³⁶ Nunavut Bureau of Statistics, "Nunavut Components of Migration, Annual, July 1 to June 30, 1999 to 2016", 2017.

³⁷ Statistics Canada, "Census profile 2016 Nunavut", 2017. Accessed May 10th, 2017. <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E>

³⁸ Ibid.

³⁹ Nunavut Housing Corporation, "2015-2016 Annual Report", August 2016, pages 34-35.

⁴⁰ Ibid., page 24

⁴¹ Ibid., page 24

Private and Staff Rental

There were 1,675 units in Iqaluit identified as either private or staff rental. Vacancy rates in the private rental market, where companies and the government procure their staff housing, increased to 7.2% from five per cent in 2015. This is likely due to negative net migration and declining output in mining support activities. For these numbers, we simply know how many units have been rented. However, a staff unit may be rented but be unoccupied for a variety of reasons, including staff turnover.

Average rents in Iqaluit are among the highest in Canada⁴². The average rent for a two bedroom unit in Iqaluit was \$2,597 in 2016, compared to \$2,554 in 2015. This number has slowly increased every year since 2009 when CMHC's survey began⁴³. The average rent in Iqaluit is relatively high reflecting the high costs of provision. Average rent in three-bedroom units declined slightly, and make up about 21% of all market units.

Resale Market

There were very few transfers of homes in Iqaluit with only 39 sales in 2016, the lowest number recorded by CMHC, and 37% below last year. This is likely due to little new construction activity and the decline in mining support activities. The average price of the 32 single-detached homes that were sold increased 17% to \$542,950 in 2016, while the overall average increased seven per cent to \$525,800. This change in average price is compositional in nature and largely due to a higher proportion of single-detached sales.

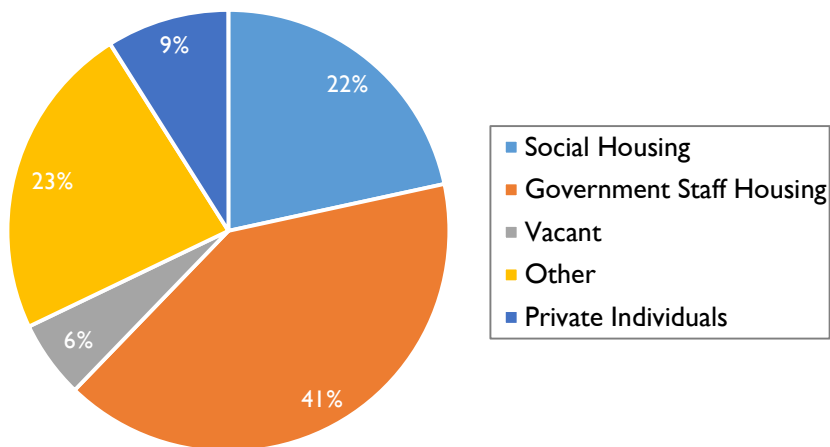
Average Monthly Rent - by bedroom type (excluding social housing)

	2015	2016	Yr/Yr Change
Bachelors	\$1,477	\$1,516	\$39
One-bedroom	\$2,172	\$2,211	\$39
Two-bedroom	\$2,554	\$2,597	\$43
Three-bedroom	\$3,005	\$2,981	-\$24
Four-bedroom+	\$3,556	\$3,575	\$19
Total Average	\$2,511	\$2,542	\$31

Source: CMHC

Figure 10

2016 Rental Market: All Unit Types by lease holder



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

Iqaluit Total Residential Sales

	2013	2014	2015	2016
Residential Sales	60	55	61	39
Average Price	\$433,951	\$473,080	\$493,281	\$525,801
Median Price	\$475,500	\$486,330	\$529,000	\$555,000
Avg. Price Sq. foot	\$273	\$285	\$278	\$298

Source: CMHC

⁴² It must be noted that the rental survey conducted in Iqaluit uses a different methodology to the CMHC's Rental Market Survey conducted in the rest of Canada, not limited to different timing. The numbers here may not be directly comparable to other CMHC rent numbers.

⁴³ Due to the nature of the survey, the average rent is not directly comparable between years, due to the changing size and composition of the sample.

New Home Construction

Total permit activity for the territory declined further in 2016, from 65 to 54, representing a decrease of 17%. Permit activity has declined every year since 2013. Last year was the slowest year seen since 2005. There were 11 single-detached permits in 2016, almost three times as many as the year before, making up 20.4% of the permits. Permits for apartment construction were weak in 2016, with only 32 applications filed.

A lack of available land has put a damper on construction in Iqaluit again in 2016. However, there are plans underway to extend the Road to Nowhere community. This extension will focus on multi-family units. The Territory has also signaled that it wants to build 20 additional social units for Iqaluit in 2018⁴⁴.

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 2016. 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.

Iqaluit Residential Sales by Type		
2016	Single-detached	Condo/Row/Semi
Residential Sales	32	7
Average Price	\$542,950	**
Median Price	\$537,500	**
Ave. Price Sq. foot	\$308.14	**
Source: CMHC		
**: Indicated suppressed data		

Rental Universe - 2016			
	Market	Social	Total
Bachelors	59	0	59
One-bedroom	595	37	632
Two-bedroom	604	197	801
Three-bedroom	355	148	503
Four-bedroom	62	0	62
No BR Identified (Social)		80	80
Total	1,675	462	2,137
Source: CMHC			

⁴⁴ Kuksuk, Hon. George. 2016 "Document I95-4(3) Proposed New Construction for 2017-2018 and 2018-2019." Legislative Assembly of Nunavut. October.

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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