

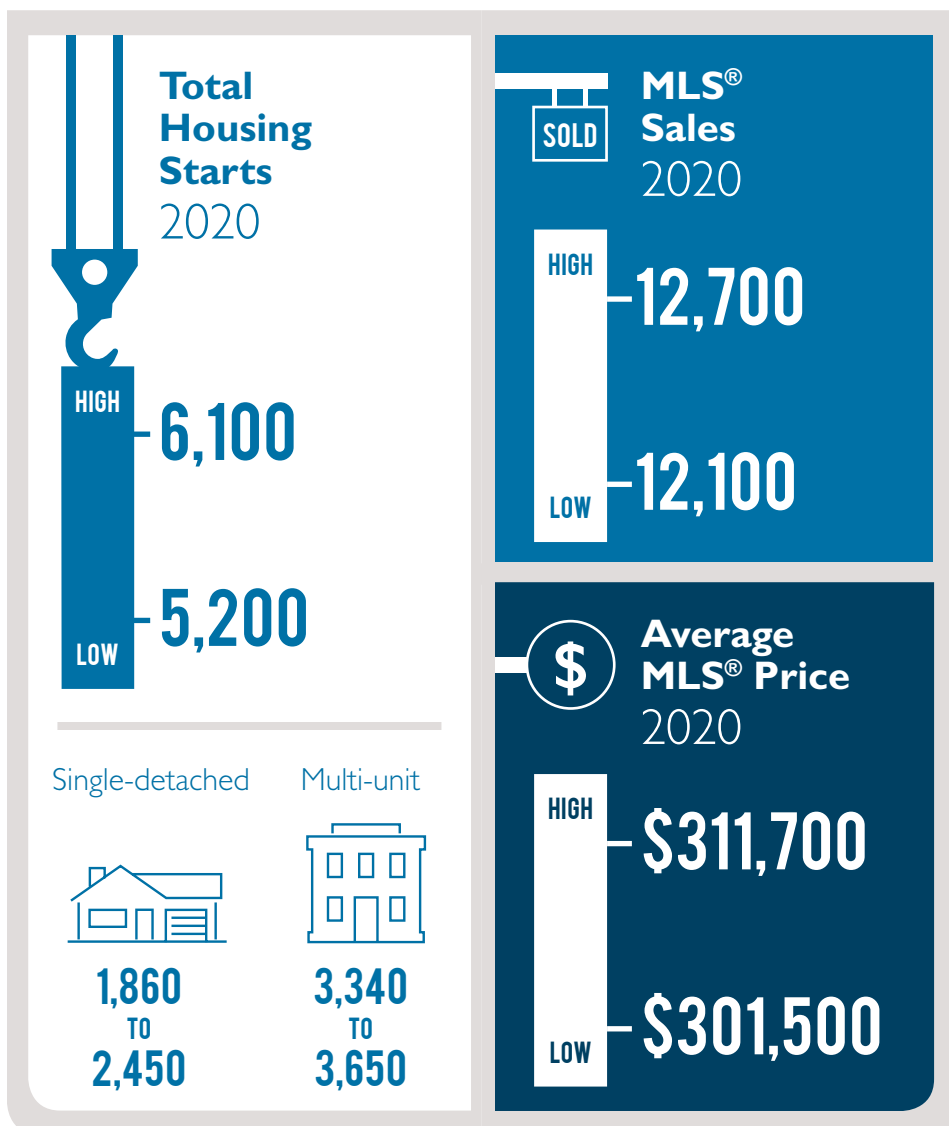
HOUSING MARKET OUTLOOK

Winnipeg CMA



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fall 2019¹



Winnipeg's housing market projected to moderate before gradually gaining traction in 2020 and 2021.

"Housing starts to decrease in 2019 due to elevated inventory levels but are projected to gradually rise over the forecast period. Resale activities and housing prices are expected to see an upturn over the next two years supported by growth in fundamentals such as population, employment and income."

Christian Arkilley
Senior Analyst, Economics

¹ The forecasts and historical data included in this document reflect information available as of September 12, 2019.

Highlights

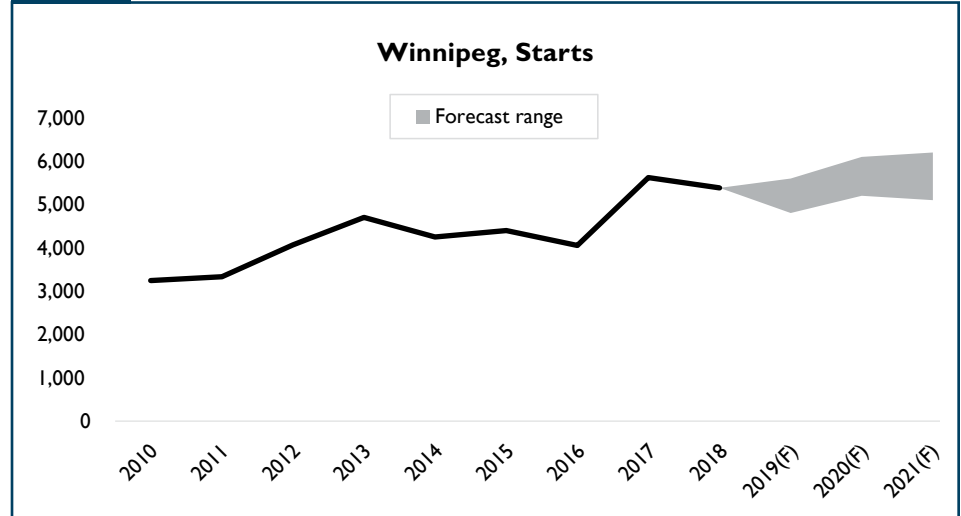
- Elevated inventories and net interprovincial migration outflows to contribute to lower housing starts in 2019 but will gradually increase in 2020 and 2021.
- Resale market activities expected to increase, supported by strong demand fundamentals.
- Stronger demand and increased supply in the rental market will provide some stability in vacancy rate as average rents are expected to increase over the forecast period.

Housing starts in Winnipeg to slow in 2019

Winnipeg’s housing starts are projected to be lower in 2019 compared to 2018 due to higher inventories within the CMA. In the first half of 2019, inventory of completed and unabsorbed housing units were at historically high levels. Housing starts are, however, projected to gradually rise in the next two years as population and employment growth provide some support in absorbing new and existing inventories.

Single-detached housing starts declined by 10% in the first 8 months of 2019 compared to the same period in 2018 and are projected to slow in 2019. This is due to the shift in demand from single-detached to multi-units and higher carrying costs associated with homeownership. However, construction of single-detached homes are expected to increase in 2020 and 2021 with population and employment growth.

Figure 1



Source: CMHC
(F): Forecast

Multi-family starts in 2019 have exceeded 2018 starts to date, driven mainly by apartment units. The demand for rental units has increased in the Winnipeg CMA as increases in the population of young adults (aged 25-34 years), and positive international immigration have supported demand. This will create some support for the construction of multi starts, especially apartment starts throughout the forecast period. However, with higher existing inventories, multi starts are expected to be fairly stable at ranges close to 2017 and 2018 levels over the next two years as inventories get absorbed.

This housing forecast could be impacted by slower than expected employment growth and reduced migration inflows, which could affect population growth resulting in lower than expected demand for housing units. If this happens, housing starts will move towards the lower end of the forecast range.

Resale transactions in Winnipeg projected to rise modestly

Resale activities are projected to end the year slightly higher compared to 2018 and continue to increase modestly over the forecast period. In the first half of 2019, MLS® sales in Winnipeg were up compared to the same period a year earlier. The expected increase in sales is supported by fundamental demand factors such as population, employment and income.

In 2018, the average resale price in Winnipeg was 5% higher than in 2017. This increase represented the 19th consecutive year of price gains within the Winnipeg CMA. Winnipeg remain classified as a balanced market and average MLS® price is projected to continue to increase in 2019, though at a more moderate rate than last year due to availability of options

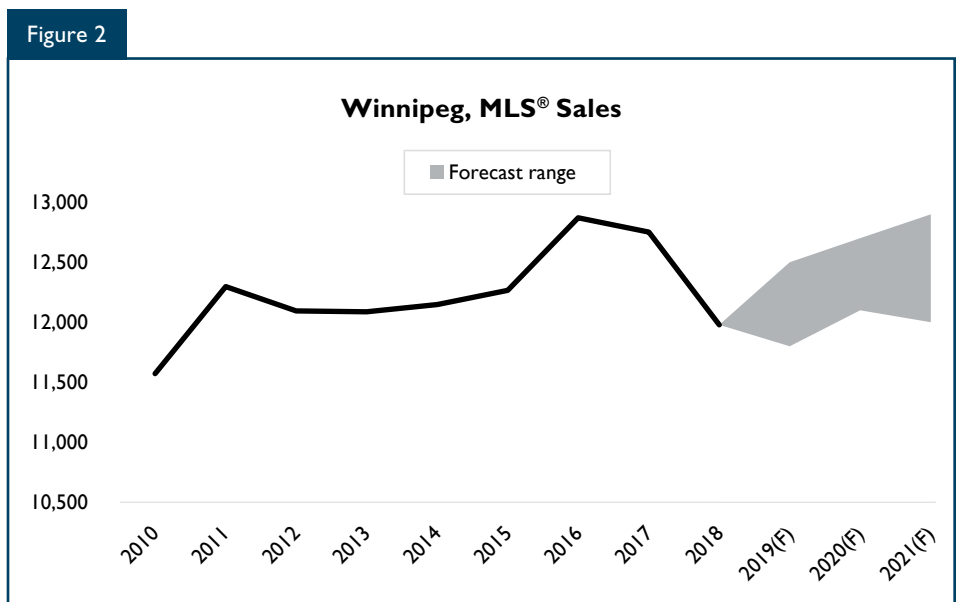
in the new home market. Prices are projected to continue to rise over the forecast period as balanced market conditions in Winnipeg are expected to continue.

The main risk to this housing outlook forecast is slower than expected economic and demographic growth, which could restrain job growth, reduce migration inflows, and limit consumer spending causing housing demand to move lower. If demand decreases, it could cause oversupply to the market, which could weaken price growth and result in downward movement of sales towards the lower end of the forecast range.

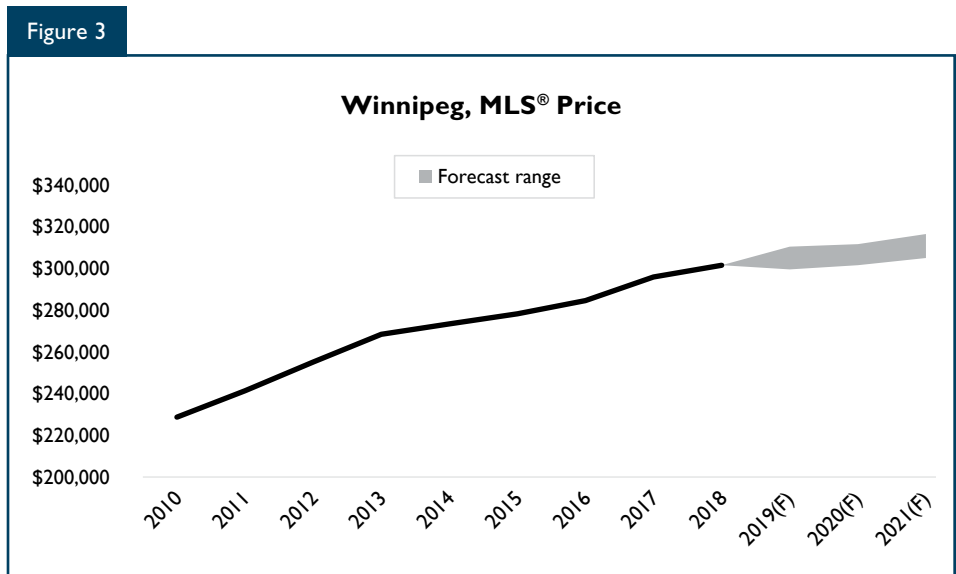
Stronger demand in the rental market to result in stable vacancy rate

The increase in demand for rental units in the Winnipeg CMA is partially driven by a shift from homeownership to the rental market due to higher carrying costs associated with homeownership. The growing demand for rental units is also supported by the growth in key demographics such as an increase in the population of young adults (aged 25-34 years) and positive net international migration. In response to the growing demand for rental units, investment in residential complexes has also increased. Year-to-date August 2019, new apartment starts increased by 32% compared to the same time period in 2018. With increases in both demand and supply, the apartment vacancy rate in the Winnipeg CMA is expected to remain relatively stable in 2019 and move slightly up to 3.0% in 2020.

Rent for average two-bedrooms apartment unit in Winnipeg is projected to increase during the forecast period. Even though the number of newly completed



Source: CREA
(F): Forecast



Source: CREA
(F): Forecast

rental units has declined in the first 8 months of 2019, the higher rents commanded by newer units as well as the increased demand for rental units will provide some lift in average rents going forward. The Manitoba guideline for rent increases in 2020 has been set at 2.4%, which is likely to provide support for rents.

To access regional and CMA housing market outlook reports, click on the following link: <https://www.cmhc-schl.gc.ca/en/data-and-research/publications-and-reports/housing-market-outlook-highlights>

Forecast Summary Winnipeg CMA Fall 2019									
	2016	2017	2018	2019(F)		2020(F)		2021(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	1,858	2,272	1,874	1,650	2,030	1,860	2,450	1,820	2,570
Multiples	2,196	3,349	3,510	3,150	3,570	3,340	3,650	3,280	3,630
Starts - Total	4,054	5,621	5,384	4,800	5,600	5,200	6,100	5,100	6,200
Resale Market									
MLS® Sales	12,871	12,751	11,979	11,800	12,500	12,100	12,700	12,000	12,900
MLS® Average Price(\$)	284,610	295,885	301,518	299,500	310,500	301,500	311,700	305,000	316,500
Economic Overview									
Mortgage Rate(5 year)(%)	4.66	4.78	5.27	5.00	5.60	5.40	6.20	5.50	6.50

	2016	2017	2018	2019(F)	2020(F)	2021(F)
Rental Market						
October Vacancy Rate (%)	2.8	2.8	2.9	2.9	3.0	3.1
Two-bedroom Average Rent (October)(\$)	1,068	1,107	1,179	1,194	1,205	1,234
Economic Overview						
Population	801,237	818,437	832,186	844,220	855,020	866,150
Annual Employment Level	425,100	432,300	438,200	441,645	449,575	458,350

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

Rental Market: Privately initiated rental apartment structures of three units and over.

The forecasts (F) included in this document are based on information available as of 12th September 2019. (L)= Low end of range. (H)= High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential 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.

Source: CMHC (Starts and Completions Survey - Market Absorption Survey - Rental Market Survey). Statistics Canada. CREA(MLS®). CMHC Forecast (2019-2021).

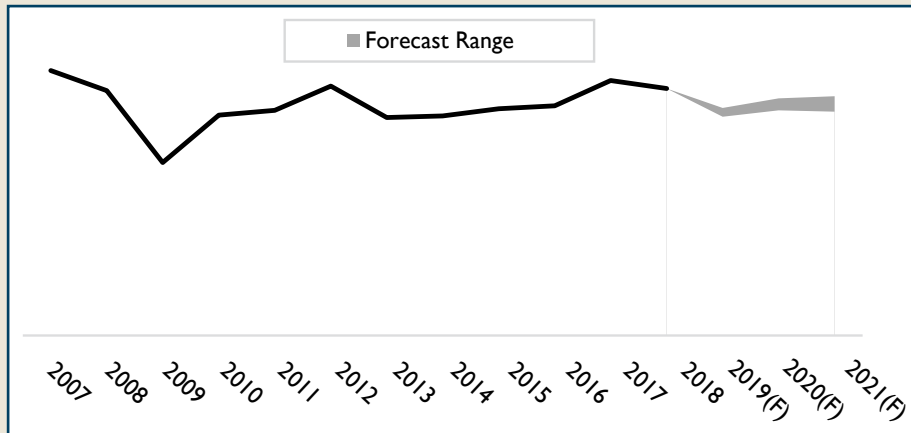
Methodology for forecast ranges

This edition of *Housing Market Outlook* incorporates forecast ranges for housing variables. However, all analyses and forecasts of market conditions continue to be conducted using the full range of quantitative and qualitative tools currently available.

The range provides a relatively precise guidance to readers on the outlook while recognizing the small random components of the relationship between the housing market and its drivers. The range is based on the coefficient of variation* of historical data and on past

forecast accuracy. It provides precision and direction for forecasts of housing variables,

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



* 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.

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.

Dwelling Types

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.

Intended Market

Freehold Start:

Refers to the commencement of construction of a residence where the owner owns the dwelling and lot outright.

Condominium (including Strata-Titled) Start:

Refers to the commencement of construction of an individual dwelling which is privately owned, but where the building and/or the land are collectively owned by all dwelling unit owners. A condominium is a form of ownership rather than a type of house.

Rental Start:

Refers to the commencement of construction of a dwelling constructed for rental purposes regardless of who finances the structure.

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.

CMHC HELPS CANADIANS MEET THEIR HOUSING NEEDS

Canada Mortgage and Housing Corporation (CMHC) has been helping Canadians meet their housing needs for more than 70 years. As Canada's authority on housing, we contribute to the stability of the housing market and financial system, provide support for Canadians in housing need, and offer unbiased housing research and advice to Canadian governments, consumers and the housing industry. Prudent risk management, strong corporate governance and transparency are cornerstones of our operations.

For more information, visit our website at www.cmhc.ca or follow us on [Twitter](#), [LinkedIn](#), [Facebook](#), [Instagram](#) and [YouTube](#).

You can also reach us by phone at 1-800-668-2642 or by fax at 1-800-245-9274.

Outside Canada call 613-748-2003 or fax to 613-748-2016.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

©2019 Canada Mortgage and Housing Corporation. All rights reserved. CMHC grants reasonable rights of use of this publication's content solely for personal, corporate or public policy research, and educational purposes. This permission consists of the right to use the content for general reference purposes in written analyses and in the reporting of results, conclusions, and forecasts including the citation of limited amounts of supporting data extracted from this publication. Reasonable and limited rights of use are also permitted in commercial publications subject to the above criteria, and CMHC's right to request that such use be discontinued for any reason.

Any use of the publication's content must include the source of the information, including statistical data, acknowledged as follows:

Source: CMHC (or "Adapted from CMHC," if appropriate), name of product, year and date of publication issue.

Other than as outlined above, the content of the publication cannot be reproduced or transmitted to any person or, if acquired by an organization, to users outside the organization. Placing the publication, in whole or part, on a website accessible to the public or on any website accessible to persons not directly employed by the organization is not permitted. To use the content of this CMHC publication for any purpose other than the general reference purposes set out above or to request permission to reproduce large portions of, or the entire content of, this CMHC publication, please send a Copyright request to the Housing Knowledge Centre at Housing_Knowledge_Centre@cmhc.ca. Please provide the following information: Publication's name, year and date of issue.

Without limiting the generality of the foregoing, no portion of the content may be translated from English or French into any other language without the prior written permission of Canada Mortgage and Housing Corporation.

The information, analyses and opinions contained in this publication are based on various sources believed to be reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibility.

Housing market intelligence you can count on

PUBLICATIONS AND REPORTS AVAILABLE ONLINE

Local, regional and national analysis and data on current market conditions and future trends.

- Housing Information Monthly
- Housing Market Assessment
- Housing Market Insight
- Housing Now Tables
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports – Northern Housing
- Housing Market Outlook, Canada and Major Centres
- Preliminary Housing Starts Data
- Rental Market Reports, Canada and Provincial Highlights
- Rental Market Reports, Major Centres
- Seniors' Housing Reports
- Mortgage and Consumer Credit Trends Report

DATA TABLES AVAILABLE ONLINE

- Funding and Securitization Data
- Household Characteristics
- Housing Market Data
- Housing Market Indicators
- Mortgage and Debt Data
- Rental Market Data

HOUSING MARKET INFORMATION PORTAL

*The housing data you want,
the way you want it.*

- ✓ Information in one central location
- ✓ Desktop and mobile friendly
- ✓ Neighbourhood-level data

cmhc.ca/hmiportal

SUBSCRIBE NOW

*Get email notifications when
CMHC publications are released
or updated. Sign up for a free
myCMHC account for enhanced
site access, including one-click
subscriptions to the reports
and tables that matter to you.*

**Get your myCMHC
account today!**

Get the market intelligence you need today!

Find all the latest trends, research and insights at cmhc.ca/housingmarketinformation

Housing Observer

Featuring quick reads and videos on...

- Analysis and data
- Timely insights
- Updates to housing conditions, trends and much more!

Subscribe today to stay in the know!

www.cmhc.ca/observer

