

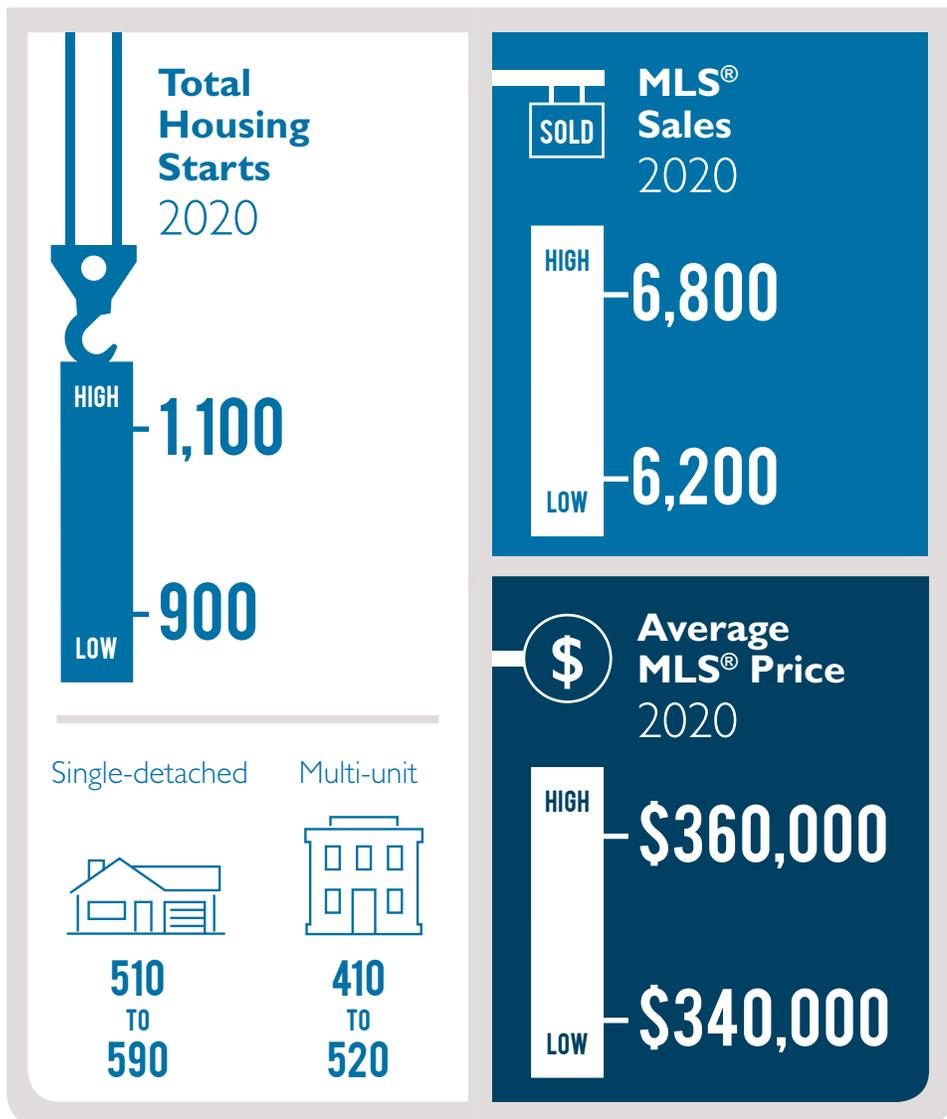
HOUSING MARKET OUTLOOK

Windsor CMA



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fall 2019¹



Housing activity is expected to remain elevated in 2020.

“Over our forecast horizon, less apartment construction will lead to fewer total housing starts. Changing economic fundamentals will contain further growth in existing home sales.”

Andrew Scott
Senior Analyst, Economics

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

Highlights

- A decline in new apartment construction will mean fewer overall housing starts.
- Existing home sales to remain steady in 2020.
- The rental market vacancy rate² will likely trend lower into 2020.

Housing starts to trend lower into 2021

Total housing starts in Windsor Census Metropolitan Area (CMA) are expected to finish 2019 significantly higher than in 2018. This year's level of multi-unit starts is unlikely to be repeated over the next two years, leading to a decline in overall starts in 2020 and 2021. Slower economic and population growth, as well as more choice in the existing home market, could limit growth in new housing demand.

Apartment starts are expected to fall from a position of strength in 2019. However, over the next two years they will still post relatively robust numbers. Increased interest in apartment construction will mean several rental projects break ground downtown, as well as condominium apartments in surrounding townships. Municipal development incentives and a lack of apartment options in the existing home market will induce new supply. Sustained income gains and continued consumer confidence will support ground-oriented starts in 2020. Nevertheless, growth in single-detached starts will be limited by their elevated prices and modest increases in borrowing costs.

Downside and upside risks surrounding our housing starts forecast are generally balanced. Slower than expected migration



Source: CMHC
(F): Forecast

to Windsor CMA or higher than expected construction costs could pull starts below projected levels. Alternatively, stronger migration from higher priced housing markets and lower than expected interest rates have the potential to push the number of new starts higher.

Limited upside in the existing home market

Existing home sales in Windsor grew modestly in 2019, as lower borrowing costs and a high rate of population growth increased demand. Existing home sales are expected to remain relatively steady into 2020, with a decline anticipated in 2021. A weaker outlook for automotive manufacturing does not support further growth in existing home sales activity. Sales growth will be kept in check by modest increases in mortgage rates, while a rising population among the first-time homebuyer demographic will offer key support.

The average MLS[®] existing home price in Windsor CMA will move higher, albeit at a slower rate of growth than in 2019. Home price growth will come under pressure from increased new listings.

Currently, the number of active listings is historically low, providing strong upward lift to home prices. However, moderating existing home sales and increased listings will bring the market to balanced territory by 2021.

Overall, stronger than expected growth in the population, employment and incomes have the potential to move housing market activity higher than our forecast. On the other hand, should the global economy and trade activity slow more than expected, existing home sales and prices would be lower than our forecast.

² In apartment structures with three or more units purpose-built for the rental market.

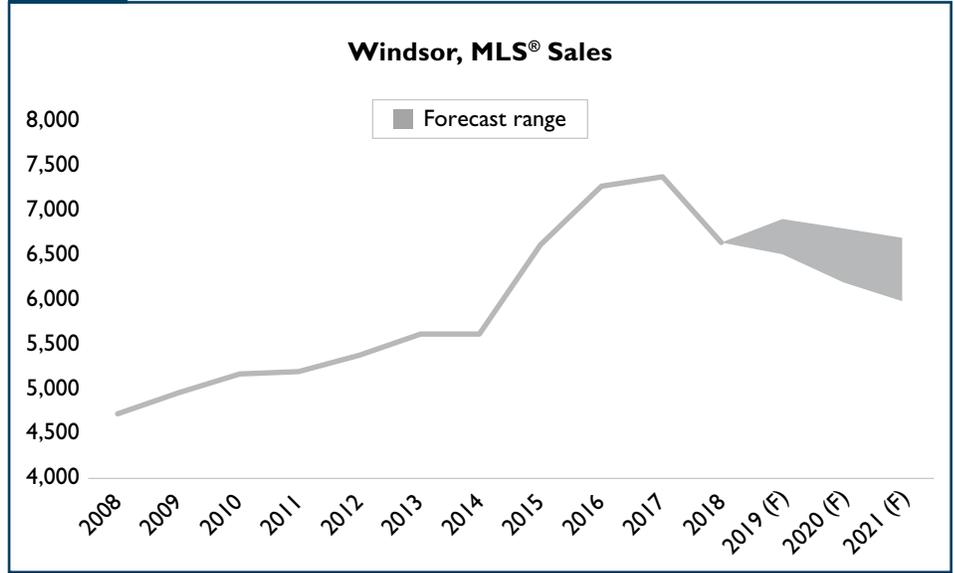
Rental market vacancies expected to decline

The vacancy rate in Windsor will be relatively low over the next two years. Population growth driven by migration and greater enrollments at local post-secondary institutions will increase rental demand. With little growth in new purpose-built rental stock, currently vacant units will absorb most of the growth in demand. Meaningful increases in supply are not likely to reach the market until 2021.

Outlook for exports moderate

Uncertainty surrounding risks to global trade and weaker investment intentions will restrict growth in Windsor’s manufacturing sector. Employment in manufacturing will be weaker due to recently announced cuts to automotive production. The bright spot will be the service sector, where positive consumer sentiment will lead to stronger growth in finance and retail trade. Additionally, the agriculture industry in surrounding areas will provide a lift to economic activity, as many established greenhouse industries are investing to meet growing demand for legal cannabis.

Figure 2



Source: CREA, CMHC
(F): Forecast

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 Windsor CMA Fall 2019									
	2016	2017	2018	2019(F)		2020(F)		2021(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	804	760	583	520	560	510	590	530	630
Multiples	462	427	369	640	720	410	520	320	460
Starts - Total	1,266	1,187	952	1,150	1,300	900	1,100	850	1,100
Resale Market									
MLS® Sales	7,267	7,367	6,643	6,500	6,900	6,200	6,800	6,000	6,700
MLS® Average Price(\$)	222,396	260,010	294,573	325,000	335,000	340,000	360,000	350,000	380,000
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 (%)	2.9	2.4	3.0	2.6	2.8	3.0
Two-bedroom Average Rent (October)(\$)	852	868	915	955	990	1,020
Economic Overview						
Population	337,181	341,141	349,718	356,000	361,000	365,000
Annual Employment Level	164,100	162,800	164,500	171,000	173,000	174,500

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).

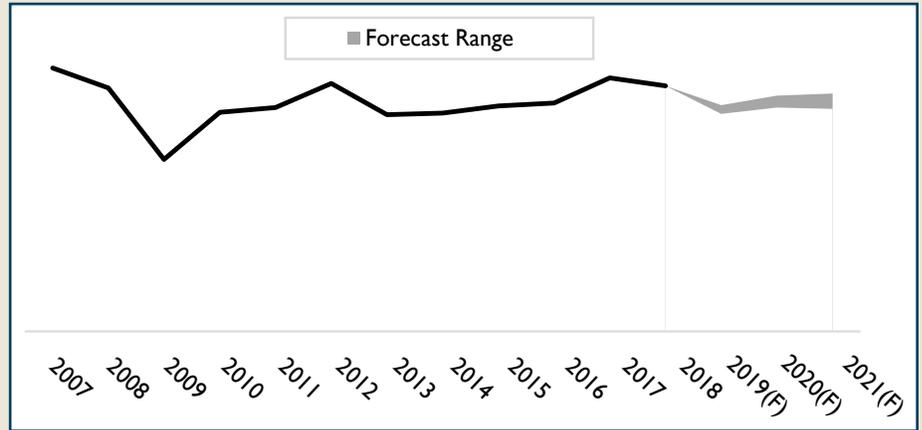
Methodology for forecast ranges

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

