

HOUSING MARKET OUTLOOK

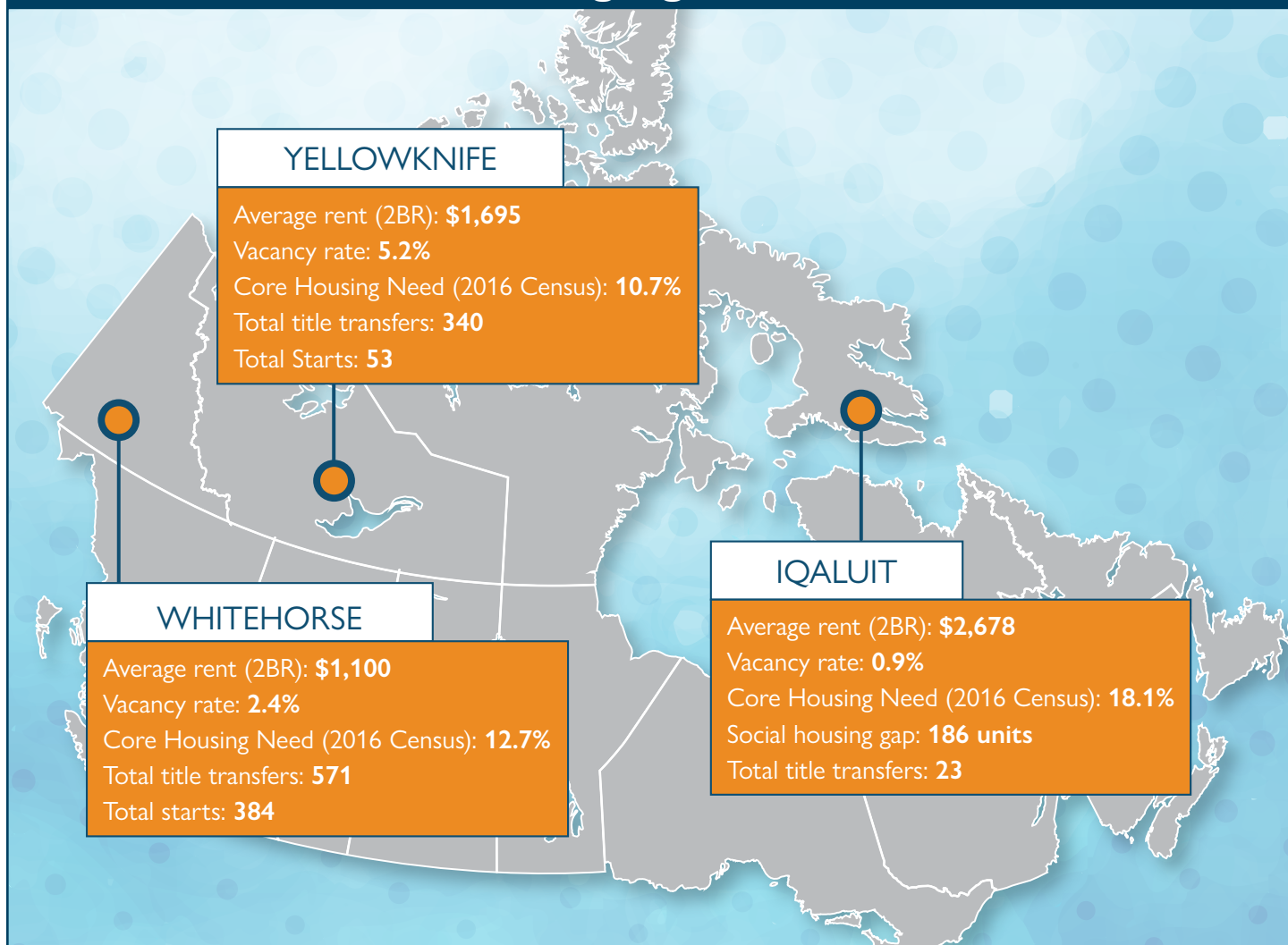
Northern Housing



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: 2019

Highlights*



* The forecasts and historical data included in this document reflect information available as of December 2018.

Whitehorse

Fundamentals

Population growth in Whitehorse was strong in 2018, growing 2.2% to 31,924 people.¹ The city's growth was representative of the Yukon Territory as a whole which grew at 2.1%, but greater than the national population growth of about 1.4%.² The Conference Board of Canada (CBoC) expects population growth to fall back to 1.7% for the Yukon in 2019.³

The young adult (25-34 year old) population growth was modest at 0.8% for 2018. However, the constant rate of young adults masks the fact that this age group would have naturally declined if not for a high rate of international and interprovincial migration. With this influx of migrants, the potential demand from new household formation was at least as strong as in previous years.

In addition, the aging of the population led to strong growth for those 65 and older for whom there was a growth rate of 5.8%, stressing the need for housing that accommodates an aging population. In general, Whitehorse has two large demographic humps: one centered on the age of 55, and one roughly around age 35. Both groups have high homeownership rates already, and are unlikely to be a source of first-time buyers, but rather create potential demand for larger homes.

Employment was relatively flat for the Yukon Territory from 2017 to 2018, with an annual increase of just 0.5%, while the Whitehorse employment growth was about 1.1%.⁴ The slow growth was likely due to a shortage of labour rather than sluggishness in the overall economy. The unemployment rate for both Whitehorse and the Yukon reached a low of just 2.7% in 2018. An **increase in wages** of about 4.6% in the territorial data reflects a tight labour market. The favourable employment conditions suggest support for housing demand, as this creates the conditions for an increase in migration motivated by economic activity and an increase in household budgets. CBoC forecasted a 6.7% increase in household disposable income, and a 4.8% expansion of employment into 2019 for the Yukon.⁵ The CBoC cites a coming mining boom to support economic expansion over the next 5 years.

Mortgage Rates increased in 2018 over 2017 levels, increasing the carrying cost of a mortgage over the year. The 5-year fixed posted rates from the Bank of Canada ranged 5.14%-5.34% in 2018 compared with 4.64%-4.99% in 2017. Meanwhile, discounted 5-year fixed-term mortgages rates peaked in 2018 and declined into 2019.⁶ With falling rates, once again, the cost of debt servicing will also fall resulting in larger monthly budgets for households, thus increasing homeownership demand.

Affordability

Core Housing Need: A household is in core housing need if it does not meet one or more of three standards: adequacy, suitability or affordability.⁷ In the most recent census, 13.0% of Whitehorse households were in core housing need.⁸ For the Territory overall, 15.0% households were in core housing need, and 13.0% nationally.⁹ The affordability criteria relies on a benchmark of 30% before tax income to indicate core-housing need. The average annual shelter cost in Whitehorse was \$17,604 for owned dwellings and \$13,716 for rented dwellings leaving 12.6% of owner occupied households and 33.2% of tenant households in core housing need due to affordability.

As shown in the Market Affordability chart in figure 1, families earning less than \$30,000 would not be able to afford any of the one or two-bedroom shelters available on the market. This represents about 20% of families in Whitehorse. Based on 2016 family income and CMHC's affordable housing benchmark the most affordable market housing available in Whitehorse was mobile home ownership, with an annual income of \$32,691 required, whereas the minimum annual income required to rent a two-bedroom apartment was \$44,000.

In March of 2019, the federal government and the Yukon Territory signed a bilateral agreement on housing.

¹ Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries.

² Statistics Canada. Table 17-10-0135-01 Population estimates, July 1, by census metropolitan area and census agglomeration, 2016 boundaries, and Table 17-10-0134-01 Estimates of population (2016 Census and administrative data), by age group and sex for July 1st, Canada, provinces, territories, health regions (2018 boundaries) and peer groups.

³ The Conference Board of Canada. Territorial Outlook Economic Forecast: Autumn 2018. Ottawa: The Conference Board of Canada, 2018.

⁴ Yukon Bureau of Statistics. Yukon Employment Annual Review 2018. http://www.eco.gov.yk.ca/stats/pdf/employment_2018_R.pdf and Yukon Employment Annual Review 2017. http://www.eco.gov.yk.ca/stats/pdf/employment_2017.pdf.

⁵ The Conference Board of Canada. Territorial Outlook Economic Forecast: Autumn 2018. Ottawa: The Conference Board of Canada, 2018.

⁶ Ratehub.ca. <https://www.ratehub.ca/historical-mortgage-rates-widget>.

⁷ CMHC defines a household is in Core Housing Need if its housing does not meet one or more of the adequacy, suitability or affordability standards, and it would have to spend 30% or more of its before-tax income to access acceptable local housing. Acceptable housing is adequate in condition, suitable in size, and affordable. Adequate housing does not require any major repairs, according to residents. Suitable housing has enough bedrooms for the size and makeup of resident households, according to National Occupancy Standard (NOS) requirements. Affordable housing costs less than 30% of before-tax household income.

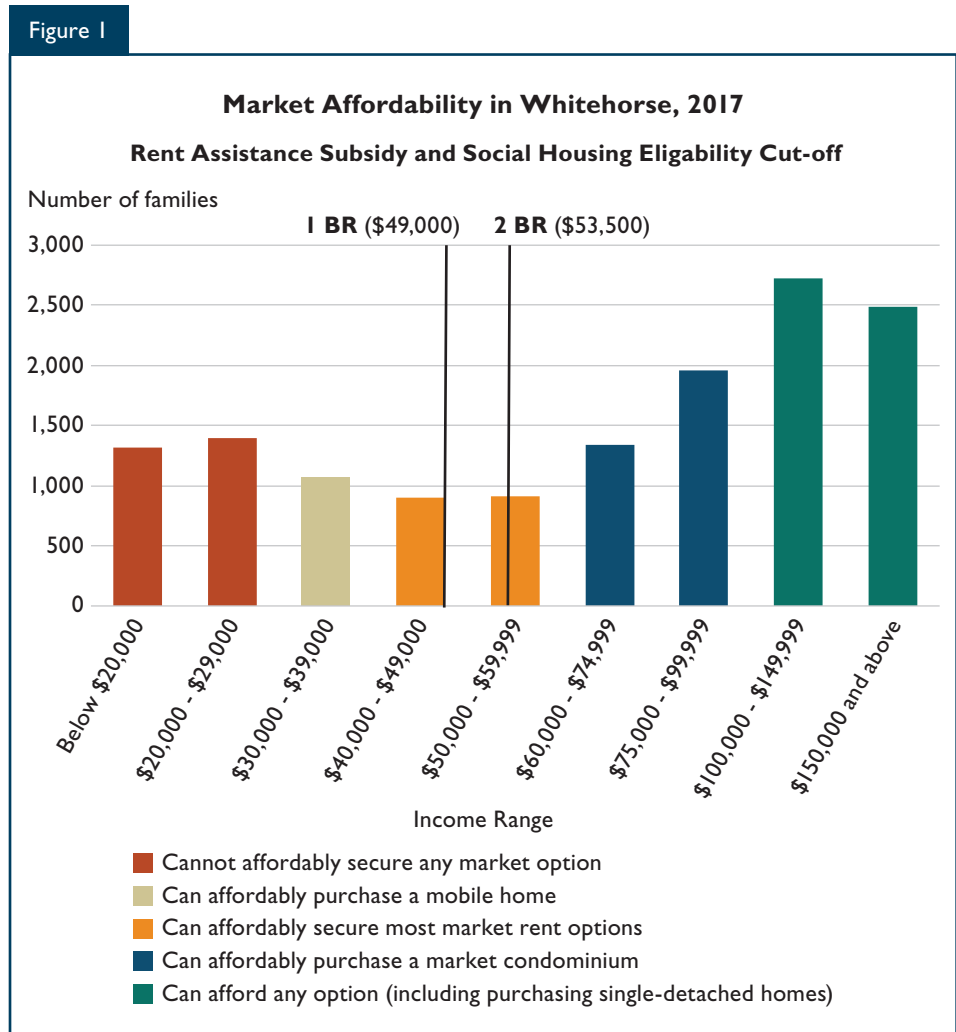
^{8,9} Statistics Canada, Census of population, 2016.

The 10-year agreement will invest nearly \$60 million to protect, renew and expand social and community housing, and support Yukon’s priorities related to housing repair, construction, and affordability. The governments of Canada and Yukon will also work together to design and implement a new Canada Housing Benefit for the territory, to provide affordability support to families and individuals in housing need.

Rental Market

The rental unit vacancy rate in Whitehorse was 2.4% in October 2018, down from a 2.8% vacancy rate in October 2017,¹⁰ which was the lowest vacancy rate in the past 4 years. The overall universe was 2,187 units in October 2018, a decline from 2,205 units a year prior; however, there is no clear trend of falling or rising universe in the recent years. There has been a minute shift in the types of units in the universe towards smaller units, with fewer 3+ bedroom units and more 1-bedroom units. The median rent for all units has been constant for several years at \$1,000, while the 2-bedroom median rent increased from \$1,073 to \$1,100.

The data from the rental market contains mixed signals. On one hand, there is a falling vacancy rate overall, which could suggest a greater scarcity of rental units; on the other hand, there has been no significant increase in the rental universe and a flat median total rent. Increasing demand on a fixed supply tends to drive rents higher, and the absence of this trend suggests that the falling vacancy rate is a result of the vacant units being removed from the universe either due to a conversion to a different use, demolition, or to undergo renovation. Limiting the analysis to the 2-bedroom units (the most common type of unit),



Sources: Statistics Canada, Yukon Housing Corporation, Yukon Bureau of Statistics, Yukon Real Estate Association, and CMHC

Note: The cost of owning a mobile home is considered affordable by the Core Housing Need affordability criterion, spending no more than 30% of income on housing, to families earning \$32,516 per year, cost of renting a 1BR is affordable to a family with income of \$38,000 per year, renting 2BR is affordable to a family with income of \$44,280 per year, buying a condominium is affordable to families earning \$69,697 per year and owning a single detached home is affordable to families earning \$89,757 per year.

median rents increased roughly in line with inflation, which does not imply a major demand increase.

The population of young adults, which form a key rental demographic, has grown slower than overall population growth, implying that the demand for rental has been likewise stable in Whitehorse. Going forward, an elevated intake of young adults from outside the Yukon will keep demand

from declining due to aging of the population. For 2019, completions of new units will add to the purpose-built rental supply, as well as the secondary rental supply. Despite an elevated completion rate of rental units in 2018, the overall universe actually declined. As such, the vacancy rate will be constant with some variability due to composition. It is forecasted to be between 2.5% and 3.0% in 2019.

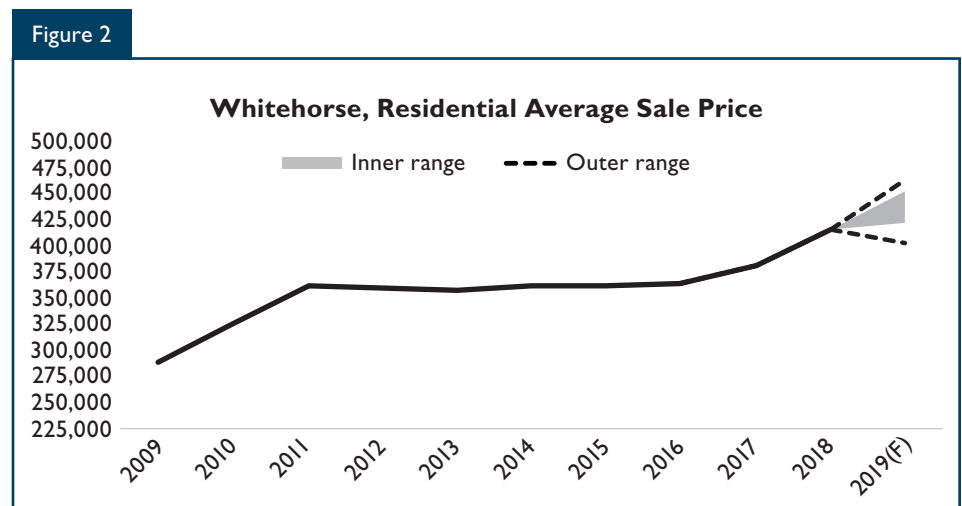
¹⁰ Yukon Bureau of Statistics. Yukon Rent Survey (October 2018). http://www.eco.gov.yk.ca/stats/pdf/rent_Oct18_R.pdf

The median 2-bedroom rental rate will likely increase due to the addition of newer units that command higher rent. Existing units will increase at roughly the rate of inflation. As a result, 1.8-3.6% increase in median rents will result in a forecast range between \$1,120 and \$1,140.

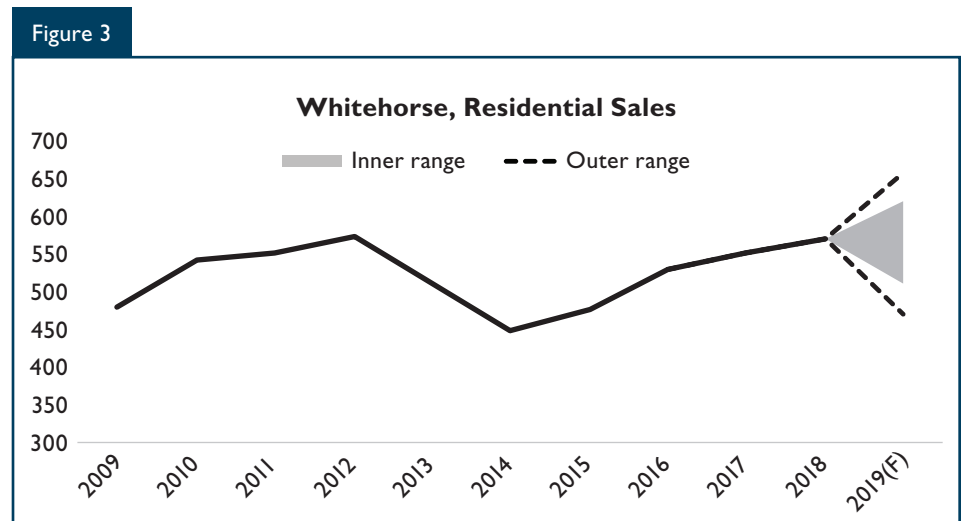
Resale Market

The year 2018 concluded with 571 sales in Whitehorse, tallying 18 more transactions than 2017, which amounts to 3% growth. The breakdown by type was 54% single-detached, 33% Condo, 7% semi detached, and 6% mobile homes. The average price of all homes grew by 9% to \$415,633. Prices experienced strong growth, a trend that started in about the first quarter of 2016 and accelerated to the end of 2018. This is consistent with rising incomes and low interest rates which tend to stimulate demand for homeownership.

Inventories were relatively low in 2018. Whitehorse resales in the MLS®, which represent about 64% of total transactions, showed a sales-to-available ratio that averaged 25% in 2018. This implies that 1 in 4 homes listed in a given month was sold, and is indicative of a sellers' market. Since about January 2017, the stock of active listings has averaged around 80 units, which is lower than in the 2011-2016 timeframe, when there was nearly always 100+ homes listed in any given month. This indicates that potential buyers have less time and fewer options relative to 3 years ago, and are more likely to enter into competitive buying situations, thus bidding up prices. Counterintuitively, there has been a slight trend towards fewer new-listings on the market since the first quarter of 2015. Higher prices and price growth creates



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



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

incentives for homeowners to list, either to downsize, to move up, or to leave the market entirely. Regardless, the market experienced an inventory drawdown, which effectively increases the scarcity of housing, raising prices.

The effects of larger budgets for households along with a relatively lower inventory of potential houses to buy will increase scarcity of homes and will be reflected in prices. Prices are expected to rise in 2019 to a range between \$422,000 and \$452,000.

Rising prices, on the other hand, may counteract household budget growth with affordability concerns. Adding the drawdown in inventory to rising prices, it is less obvious whether sales will grow further or be limited; therefore, the forecast range is to be within 510 and 620 units.

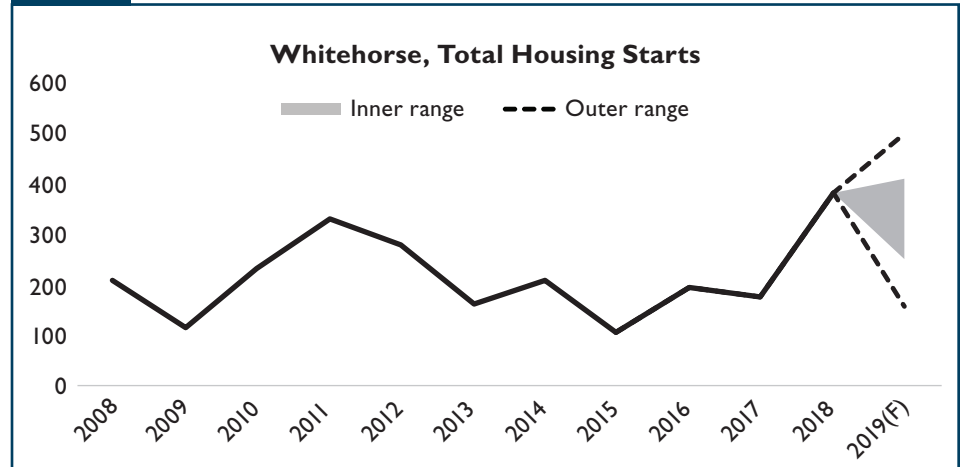
New Home Market

Rising prices in Whitehorse has created incentives for new developments. There were 345 units under construction at the end of 2018, doubling that of 2017.

An increase in multi-family units is the primary driver, especially apartment units. Rental apartment units under construction counted 134, and condo apartments counted 68, marking a shift in the market to higher density housing forms. The increase in apartment units also implies longer construction periods adding to a higher variability as to when new units will be introduced into the market. Into 2019, a similar level of multi-family development is expected and multi family starts will range between 185 and 315 units.

A release of new lots in Whitehorse will free up some supply constraints in the new home market. In 2019, 240 new Whistle Bend lots will be released for a variety of housing types.¹¹ Potentially, this will allow for a slightly higher single-detached unit production compared to the previous 5 years. With the resale market showing some inventory draw down, the new home market and specifically single detached units, will take some demand pressure from the sellers' market. The growing demographic of mid 30s to late 40s has a relatively high potential housing demand for move-up properties, which puts demand on new single-detached units as well. For 2019, there will be between 65 and 95 new single detached houses constructed, thus bringing the total new housing starts to a range between 250 and 410 new units.

Figure 4



Source: CMHC, (F): Forecast

Risks to the Forecasts

As with any forecast, there are a number of risks that contribute to uncertainty in the forecast. These risks and how they impact our forecast for housing starts, residential real estate transactions, and the average resale price are discussed below.

Total housing starts may fall below our inner forecast ranges in 2019 if contraction of both single detached and apartment units is constrained by the availability of skilled labour and new lots for development. Since there are already high levels of construction on current projects, there may be difficulty for developers to initiate new projects. Further, there is no data on current inventory of completed and unsold units, rendering judgments of market absorption difficult. If current

projects are not fully pre-sold there may be an inventory of new housing released into the market that requires a period of absorption, slowing overall growth of new starts.

Residential real estate sales could decrease below our lower forecast ranges in 2019 if the pace of house price growth is faster than the rate of wage growth or if mortgage rates increase again. It doesn't seem to be difficult for sellers to find a buyer, putting less downside pressure on prices. However, affordability could impact home sales.

The average residential resale price could be above our outer forecast range if demand is strong and/or the proportion of single-family home sales increases. On the other hand, if relatively more mobile homes and condominium apartments are sold, the average price would tend to move lower.

¹¹ Yukon Finance. 2019–20 Five-year capital plan. March 2019. <https://yukon.ca/sites/yukon.ca/files/fin/fin-budget-2019-20-five-year-capital-plan.pdf>.

Whitehorse Forecast Summary 2019					
	2016	2017	2018	2019 (F)	
				(L)	(H)
New Home Market					
Total Starts (units)	194	179	384	250	410
Single-Detached Starts	87	56	73	65	95
Multiple Starts	107	123	189	185	315
Real Estate Transactions*					
Residential sales	531	553	571	510	620
Average price (\$)	364,419	381,376	415,633	422,000	452,000
Rental Market(Q4 data)**					
Apartment Vacancy Rate (%)***	3.0%	2.8%	2.4%	2.8%	
Average Two-Bedroom Apartment Rent (\$)**	1,083	1,063	1,100	1,130	

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

**Sources: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

Economy: According to Statistics Canada, the Northwest Territories (NWT) is expected to experience the lowest level of overall investment since 2011 in 2019. Capital expenditures for NWT are expected to decrease by 16.7% to \$820.1 million in 2019 compared to 2018.¹² In 2018, the GDP for NWT grew by 1.9% with mining, the major industry and by far the largest contributor to GDP growth in the NWT decreasing by 1.1%.¹³ The Conference Board of Canada predicts a bleak economic outlook for the NWT as diamond production reaches its peak. The weaker growth in the mining industry is likely to affect other areas of the economy and cause stress on the finances of the government of the NWT. The Diavik and Gahcho Kue mines are expected to close in few years to come, which will result in job losses, especially in the construction sector and encourage more workers to exit the territory.¹⁴ The downturn in the mining sector is likely to impact the housing market, as these projects provide some support for the housing market in Yellowknife.

Labour Market: The employment rate in the NWT increased by 0.3% to 66% in 2018 as 21,400 people were employed in the NWT. However, the

unemployment rate increased by 0.9% to 7.3% in 2018 as 300 more people joined the labour workforce with only 100 additional employment positions. In Yellowknife, the employment rate was 78.1% and unemployment rate was 3.3% in 2018. This means that most of the unemployed people were outside of Yellowknife. Public sector employment increased by 5% in 2018 while private sector employment decreased by 3%. The private sector, which employs about 48% of the workforce in NWT, employed 300 fewer people in 2018 compared to 2017, while the public sector employed 500 more people. In 2018, the population of ages 15-24 decreased by 200 people but increased by 300 people for ages 25+ in the NWT. In Yellowknife, the population of ages 15+ increased by 300 people which likely created extra demand for the housing market.¹⁵

Affordability and Housing Policy

The Government of NWT (GNWT) is developing options to support Indigenous and local governments finding solutions to their housing aspirations. The Northwest Territories Housing Corporation (NWT HC) has established a 3-year pilot program aimed at providing a one-time flexible financial support through either a grant, grant-in-kind or contribution to implement affordable housing projects.

This initiative is intended to leverage other community supports in partnership to address community housing needs.¹⁶ According to the Statistics Canada's 2016 census data, 10.7% of the population of Yellowknife were in core housing need. In the NWT, 15.5% of households were in core housing need.¹⁷

The NWT HC provides assistance both to renters and homeowners. NWT HC 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) which provides rent subsidy of up to \$500 per month for a transitional period of time. Under the TRSP, NWT residents in private market rentals who pay more than 30% of their total income for rent are eligible for this program. There is also the public housing, which provides income-based assistance for residents of more than 2,400 Public Housing units located in thirty (30) NWT communities. The Homelessness Assistance Fund (HAF) provides one-time emergency funding to youth and adults who are experiencing a housing-related crisis within the NWT to prevent them and their households from homelessness.¹⁸

The governments of Canada and the Northwest Territories reached a bilateral agreement under the National Housing Strategy in November of 2018. The 10-year

¹² Northwest Territories Bureau of Statistics. "Most Recent Private and Public Capital Expenditures Newstat". Accessed July 23, 2019. <https://www.statsnwt.ca/economy/investment>.

¹³ Northwest Territories Bureau of Statistics. "NWT GDP by Industry, 1999 to 2018." NWT Bureau of Statistics. Accessed July 22, 2019. <https://www.statsnwt.ca/economy/gdp>.

¹⁴ The Conference Board of Canada. "Territorial Outlook Economic Forecast: Summer 2019". Accessed July 23, 2019. <https://www.conferenceboard.ca/e-library/abstract.aspx?did=10321>.

¹⁵ Northwest Territories Bureau of Statistics. "NWT Labour Force Activity, 2001 to 2018." NWT Bureau of Statistics. Accessed July 23, 2019. <https://www.statsnwt.ca/labour-income/labour-force-activity>.

¹⁶ NWT Housing Corporation. "NWT HC Strategic Renewal". Accessed July 23, 2019. http://www.nwthc.gov.nt.ca/sites/nwthc/files/resources/2018_program_booklet_-_strategic_renewal_initiatives.pdf.

¹⁷ Statistics Canada. "Core housing need, 2016 Census." Census Program. Accessed July 22, 2019. <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/chn-biml/index-eng.cfm>.

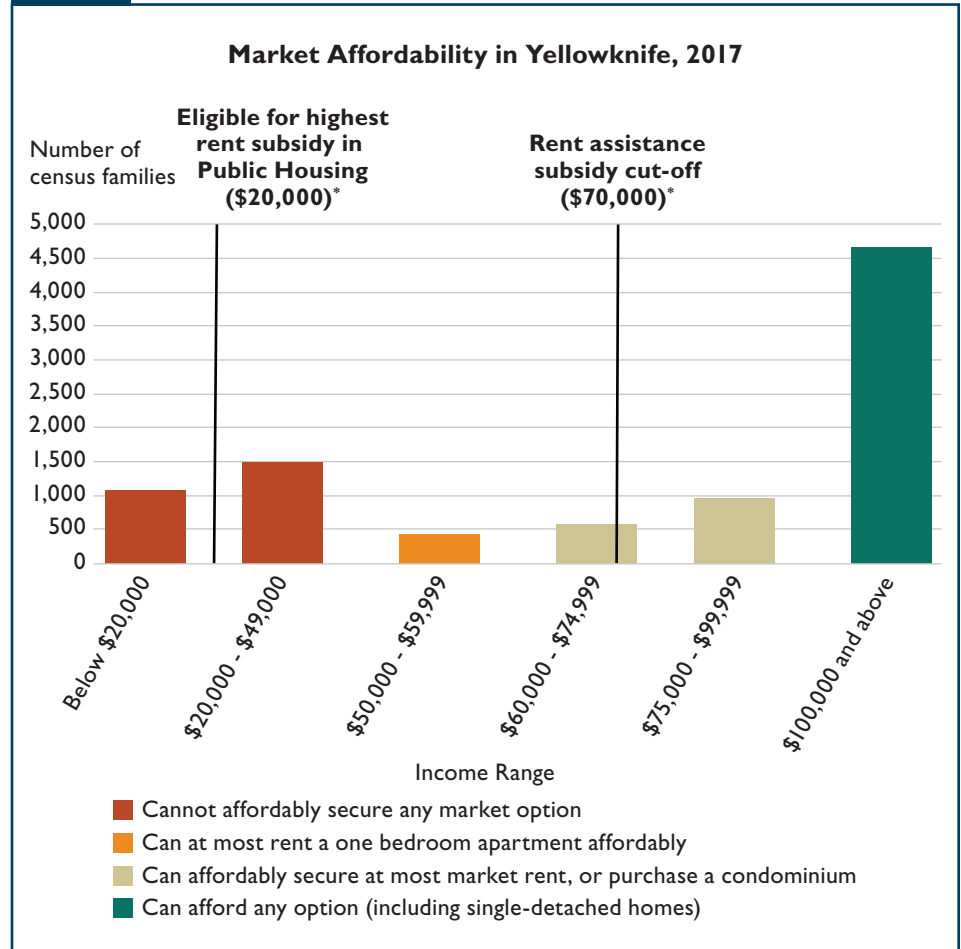
¹⁸ NWT Housing Corporation. "Programs and Services". Accessed July 22, 2019. <http://www.nwthc.gov.nt.ca/en/services>.

agreement will invest nearly \$140 million to protect, renew and expand social and community housing, and support the Northwest Territories' priorities related to housing repair, construction, and affordability. The governments of Canada and Northwest Territories will also work together on the design and implementation of a new Canada Housing Benefit for the territory, to provide affordability support directly to families and individuals in housing need. The new agreement marks the beginning of a partnership that will be supported by long-term and predictable funding starting April 1, 2019.

Rental Market

The overall vacancy rate increased by 1.3% to 5.2% in 2018 even though employment conditions improved in 2018 in Yellowknife. In 2018, the rental universe increased marginally to 2018, the highest rental universe since 2013. The average two-bedroom rent decreased slightly to \$1,695 in 2018 from \$1,697 in 2017 and is forecasted to remain relatively stable in 2019. The rent for 3+ bedroom and 1-bedroom units saw slight increases as the universe of these units continue to remain flat. The increase in vacancy rate for 1-2-and 3+-bedrooms could be as a result of people moving to bachelor units, resulting in the vacancy rate for bachelors decreasing from 4.9% in 2017 to 2.7% in 2018. The movement of people from rental units to homeownership could also be another factor that drove the vacancy rate up.

Figure 5



Sources: Statistics Canada, and CMHC

Note: The cost of rent for a 1BR is considered by the CHN benchmark 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 \$73,000, and a non-condo homeownership is affordable at \$93,000.

*Rent assistance from the NWT HC TRSP Program is provided to households to 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.

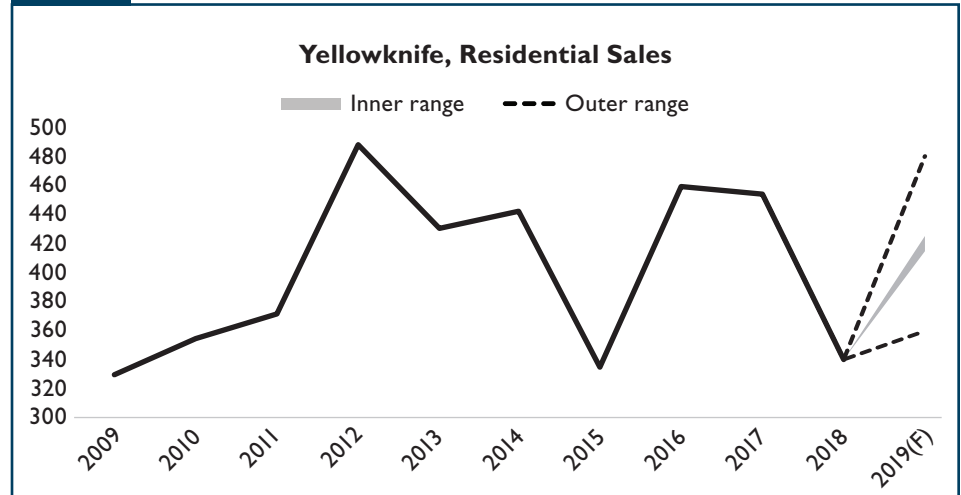
Resale Markets

In 2018, residential sales decreased by 25% from 454 in 2017 to 340 in 2018. The decrease in demand from the mining industry may have affected the resale market, resulting in reduced sales. The relatively stable employment rate in 2018 and marginal increase in full-time employment contributed to some of the pull back in sales in 2018. Sales are, however, expected to increase in 2019 but could remain lower than 2017 due to mortgage rate increases and uncertainties in employment from the mining industry. Despite the decrease in sales, the average price of all unit types increased by 10% from \$408,290 in 2017 to \$448,721 in 2018. The 2018 average price was above historical levels. This could be attributed to the type of units sold. More units in the upper end were sold in 2018 compared to 2017. However, with uncertainties in mining employment and projected weak economic growth in the NWT, the average price is expected to move back to within historical levels as people look at purchasing more affordable (mid to lower end) units.

New Home Markets

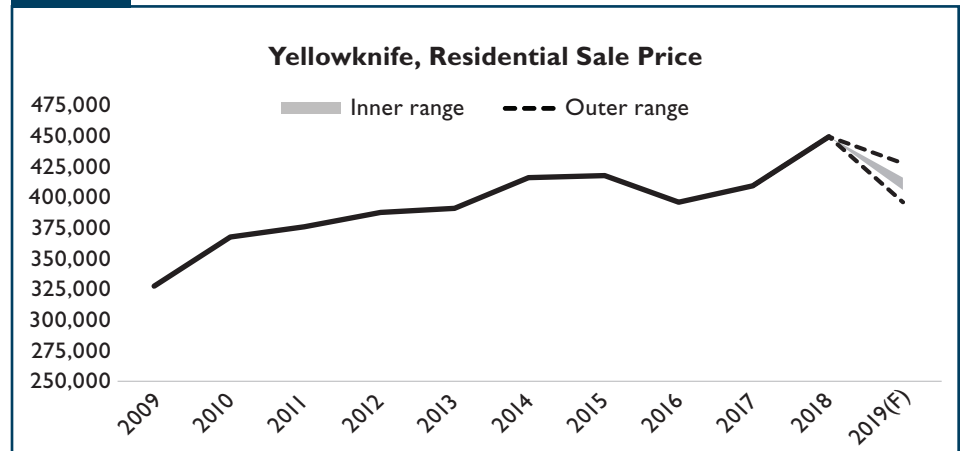
In 2018, new home construction was lowest since 2009 with only 53 total starts. New units softened in the multi-family starts category with only 7 units compared to 46 the previous year, a decrease of 85%. Single starts, however, increased by 142% to 46 units from 19 in 2017 as land availability to build single-detached units improved. In 2019, starts are projected to range between 35 and 75 units with an expected increase in multi-family starts. Land availability issues remain and could affect the construction of single-detached units in the coming year.

Figure 6



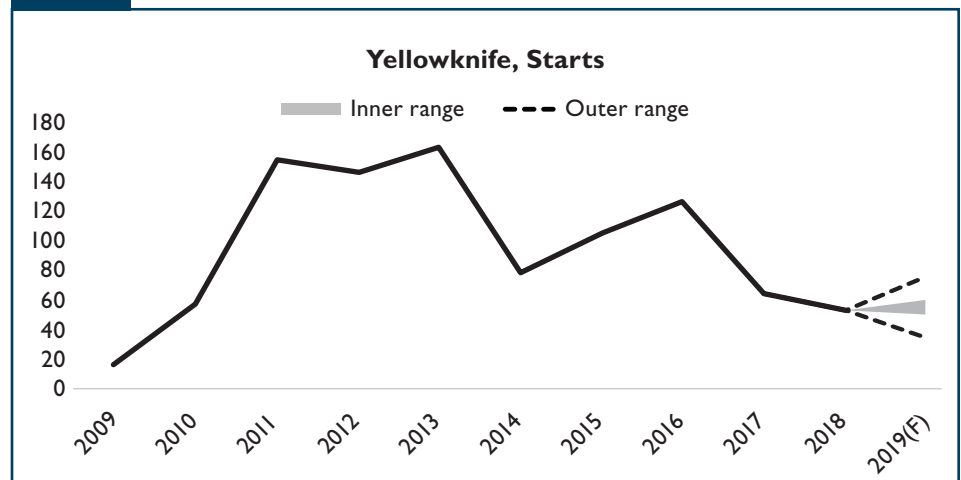
Source: CMHC (MLS® & Private Sales), (F): Forecast

Figure 7



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

Figure 8



Source: CMHC, (F): Forecast

Yellowknife Forecast Summary 2019					
	2016	2017	2018	2019 (F)	
				(L)	(H)
New Home Market					
Total Starts (units)	126	65	53	35	75
Single-Detached Starts	59	19	46	20	50
Multiple Starts	67	46	7	15	25
Real Estate Transactions					
Residential sales	460	454	340	360	480
Average price (\$)	395,339	408,290	448,721	395,000	426,500
Rental Market(October Survey)					
Apartment Vacancy Rate (%)	4.8%	3.7%	5.0%	4.3%	
Average Two-Bedroom Apartment Rent (\$)	1,637	1,697	1,695	1,699	

Source: CMHC, CMHC Forecast

Iqaluit

Overview

Housing for residents of Nunavut is primarily non-market based, although very few in Iqaluit directly interact with the homeownership market or the private rental market. The vast majority of the population lives in non-market housing, which includes social housing, subsidized housing for government employees, public housing provided by the Nunavut Housing Corporation (NHC), and housing provided to employees by private firms. Within the rental market alone, 23% of the units are rented out by the Nunavut Housing Corporation (NHC) as social housing units. The territorial and federal government rent 39% 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 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 NHC receives funding directly from the GN and the Federal Government for housing through CMHC.

The GN expects to run a lower operating deficit of \$34M in 2019-2020 compared to last year, and will allocate more spending to housing to address the supply shortage.¹⁹ In particular, the GN will invest \$12M to strengthen emergency shelters. The NHC will receive an additional \$9M to offset the cost of maintaining the public and staff housing.²⁰ Operating deficits may impair the NHC's ability to initiate new projects or perform maintenance on existing homes, but federal funding can help ease the shortfall. Between the 2017 and 2018 federal budgets, a total amount of \$640M has been allocated for Inuit housing, which includes the \$240M dedicated to Nunavut announced in the 2017 Budget. Iqaluit is slated to receive 20 new public housing units starting between 2019 and 2020.²¹

Iqaluit serves as a business hub for mining services on Baffin Island. The closest mine to being developed is the Chidliak diamond mine 120 kilometers north of Iqaluit.²² Nunavut's economy grew by double digit in 2018, and is on track to grow further in the next few years thanks to the steady growth of the mining sector.²³ High gold prices and investment on a number of new and existing gold mining projects, including the Meliadine gold mine and the existing mines at Meadowbank and Hope Bay, are the main driver of the economic boom in Nunavut

and potential employment growth, which in turn will likely translate to additional housing needs in various regions including Iqaluit.

For the first two quarters of 2019, the territory has added on average 700 jobs per month on a year-over-year basis, compared to a net loss of approximately 100 jobs per month during the first half of last year.²⁴ Despite these strong indicators, most of the new jobs have gone to non-residents as companies bring in workers from the rest of Canada who have specialized skills.²⁵ As a result, the unemployment rate in the territory for June 2019 is still considerably higher, by about 8 percentage points, than the national level of 5.5%.²⁶

Nunavut's population is estimated to be 39,170 as of April 1st 2019,²⁷ an increase of 3.3% compared to the same period last year. Historically, Nunavut has experienced net outflow migration, with population growth coming entirely from natural increase or a high birth rate. However, net migration between June 2017 and July 2018 turned positive for the first time since 2012/2013,²⁸ with 113 more people entering the territory than leaving. With a high birth rate, Nunavut's population is younger than that of any other province or territory. Meanwhile, the senior population (age 65+) is expected

¹⁹ Hicks, Hon. George. 2019. "Budget 2018-20, Budget Highlights." Government of Nunavut. February. https://www.gov.nu.ca/sites/default/files/2019-20_budget_highlights_-_english.pdf

²⁰ Hicks, Hon. George. 2019. "Budget 2018-2019, Budget Address." Government of Nunavut. February.

²¹ Angnakak, Hon. Pat. "NHC's 2019-2020 Proposed Construction Report, October 2018." Legislative Assembly of Nunavut Document 056-5(2). (October 2018). [https://assembly.nu.ca/sites/default/files/TD-56-5\(2\)-EN-IN-NHC-2019-2020-Proposed-Construction-Report.pdf](https://assembly.nu.ca/sites/default/files/TD-56-5(2)-EN-IN-NHC-2019-2020-Proposed-Construction-Report.pdf).

²² De Beers Canada Inc. 2019. Chidliak Project. February. Accessed June 17, 2019. <http://canada.debeersgroup.com/operations/projects/chidliak-project>.

²³ Conference Board of Canada. Territorial Outlook Economic Forecast: Summer 2019. <https://www.conferenceboard.ca/e-library/abstract.aspx?did=10321>.

²⁴ Canada. "Labour Force Survey estimates (LFS), by territories, sex and age group, three-month moving average, seasonally adjusted, monthly (persons unless otherwise noted)". CANSIM(database). Accessed July 2019.

²⁵ Conference Board of Canada. Territorial Outlook Economic Forecast: Summer 2019. <https://www.conferenceboard.ca/e-library/abstract.aspx?did=10321>.

²⁶ 3 month moving average. Government of Nunavut, "Labour Force Stats Update, June 2019." Nunavut Bureau of Statistics. Accessed July 2019. <http://www.stats.gov.nu.ca/Publications/Monthly/Labour%20Force%20StatsUpdate,%20June%202019.pdf>.

²⁷ Statistics Canada, "Census profile 2016 Nunavut." Census Profile, 2016 Census. Accessed July 2019. <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E>.

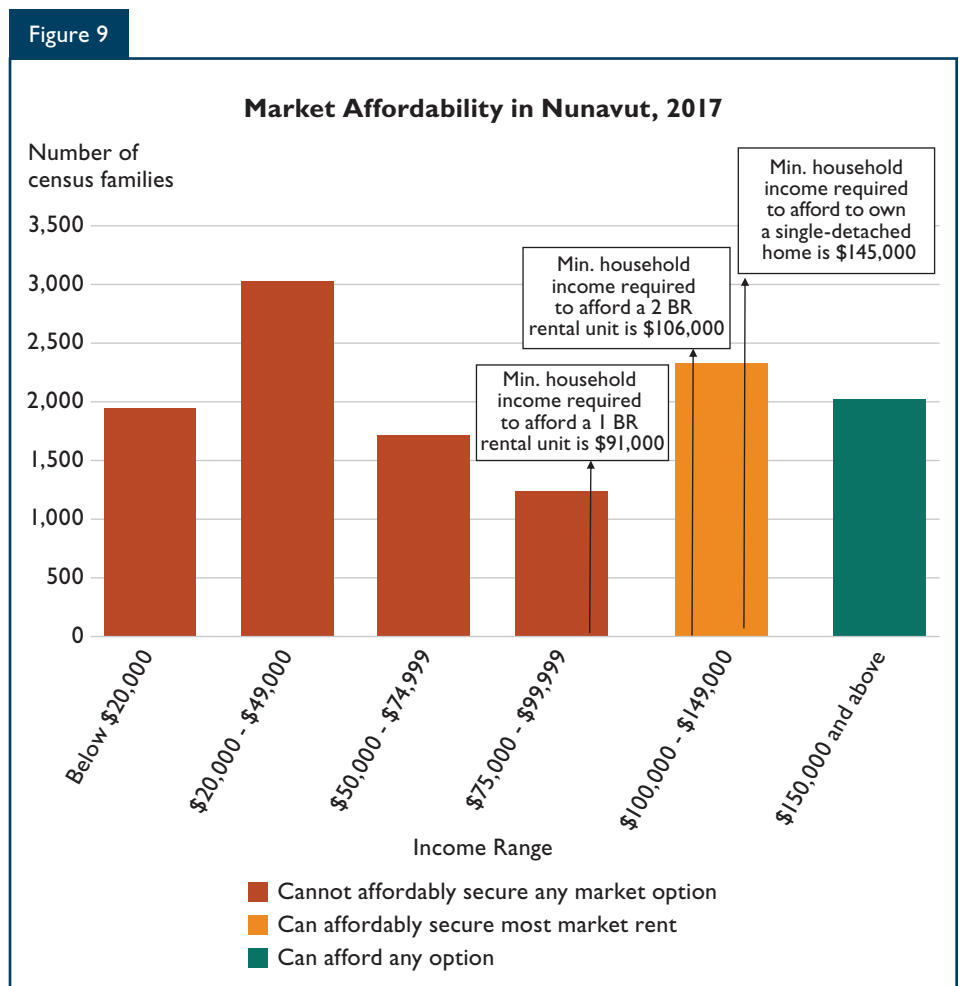
²⁸ Government of Nunavut, "Nunavut Components of Migration, Annual, July 1 to June 30, 1999 to 2018." Nunavut Bureau of Statistics. Accessed July 2019.

to almost triple by 2030, while the share of young people will remain steady.²⁹ As a result, the working age population will be paying for a greater population who rely on social assistance and government service. This will also generate demand for more, and larger housing units, and likely senior housing facilities.

Affordability and Public Housing

Due to the logistics, extreme weather and limited amount of developable land, housing in Iqaluit is among the most expensive to provide in Canada. More than 60% of the Nunavut population cannot secure market housing without some sort of assistance from the government or their employer. According to Statistics Canada, 36.5% of the population is in core housing need based on the 2016 census.³⁰ Nunavut's Core Housing Need Rate is more than double that of any other province or territory in Canada. There were 190 more households in core housing needs than in 2011, while the Core Housing Need Rate is down three percentage points between 2016 and 2011.

The largest employer in Iqaluit is the public sector, which leased 39% of the Iqaluit rental market in 2018. Private companies leased 25% of the rental market to provide to their employees. Public housing provided by the NHC makes up 23% of tenancies. The remaining four per cent were vacant units. Of the rental units surveyed in Iqaluit, 489 are public housing provided by NHC in 2018, same as the year before. Between



Sources: Statistics Canada, CMHC, Nunavut Housing Corporation, and CMHC calculations

2018 and 2019, NHC expects to build 130 public housing units in 15 communities,³¹ 20 are planned for the 2019/2020 fiscal year in Iqaluit.³² According to the NHC, the stock of public housing units needs to increase by 186 units or by 35% in Iqaluit to meet housing needs,³³ which places Iqaluit in the category of “Serious Housing Need as a Percentage of Stock”. This rating is less severe than the categories of High and

Critical. Cambridge Bay, one of the communities in most severe need, requires the public housing stock to increase by 51%. The NHC believes that across the territory, due to the demographics of those who require public housing, the demand for public housing will grow greatly over the near future. According to the NHC, between 2017 and 2018, 41% of the population living in public housing is below the age of 18. Given that the

²⁹ Conference Board of Canada. Territorial Outlook Economic Forecast: Summer 2019. <https://www.conferenceboard.ca/e-library/abstract.aspx?did=10321>.

³⁰ Statistics Canada. “Core housing need, 2016 Census.” Census Program. November 15th, 2017. <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/chn-biml/index-eng.cfm>.

³¹ Nunavut Housing Corporation. “2017-2018 Annual Report”. Nunavut Housing Corporation. pp 18 (March 2019). https://s3.amazonaws.com/nhcweb/publications/annualreport_2017-18_0.pdf.

³² Angnakak, Hon. Pat. “NHC’s 2019-2020 Proposed Construction Report, October 2018.” Legislative Assembly of Nunavut Document 056-5(2). (October 2018). [https://assembly.nu.ca/sites/default/files/TD-56-5\(2\)-EN-IN-NHC-2019-2020-Proposed-Construction-Report.pdf](https://assembly.nu.ca/sites/default/files/TD-56-5(2)-EN-IN-NHC-2019-2020-Proposed-Construction-Report.pdf).

³³ Nunavut Housing Corporation. “2017-2018 Annual Report”. Nunavut Housing Corporation. pp 18 (March 2019). https://s3.amazonaws.com/nhcweb/publications/annualreport_2017-18_0.pdf.

fertility age of Nunavut is low and the family size is large, the NHC will need to add 90 units a year to keep up with population growth.³⁴ This number will likely increase due to the high birth rate and aging population.

Private and Staff Rental

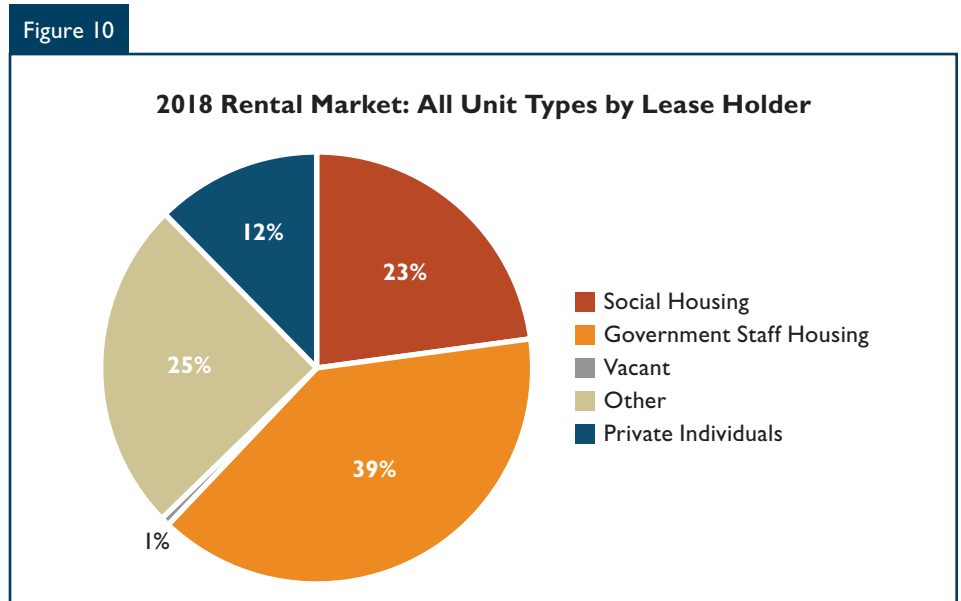
The number of units provided to the private and staff rental market decreased by 27 units in 2018 from 2017. As a result, vacancy rates in the private rental market decreased to 0.9% in 2018 from 5.3% in 2017 as housing demand continues to grow. Average rents in Iqaluit are among the highest in Canada.³⁵ For a two-bedroom unit in Iqaluit, the average rent was \$2,678 in 2018, compared to \$2,648 the year prior. This number has increased every year since 2009 when CMHC’s survey began.³⁶ Rents increased across the board in Iqaluit, except for 3-bedroom units, as demand increased while the supply remained relatively constant.

Resale Market

There were 36 transfers of homes in 2018, compared to 33 transfers in 2017 which was the lowest since 2009. Among the 36 transfers, 23 were single-detached homes, and 13 were row homes in Iqaluit. In contrast with the growing mining explorations and strong job growth, it appears that interest for home ownership in the territory has been declining, likely due to the affordability challenge for the local residents. The average home price is marginally lower by 0.7% at \$509,542 in 2018 compared to \$512,961 in 2017.

Average Monthly Rent By Bedroom Type (excluding public housing)			
	2017	2018	Yr/Yr Change
Bachelor	\$1,542	\$1,569	\$27
One-bedroom	\$2,272	\$2,296	\$25
Two-bedroom	\$2,648	\$2,678	\$30
Three-bedroom	\$3,062	\$3,054	-\$8
Four-bedroom+	\$3,575	\$3,592	\$17
Total Average	\$2,604	\$2,610	\$6

Source: CMHC



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

Iqaluit Total Residential Sales				
Total Units	2015	2016	2017	2018
Residential Sales	61	39	33	36
Average Price	\$493,280	\$525,800	\$512,961	\$509,542
Median Price	\$529,000	\$550,000	\$503,335	\$522,500
Ave. Price Sq. foot	\$278	\$298	\$299	\$297

Source: CMHC

³⁴ Ibid.

³⁵ 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.

³⁶ 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

There were very few construction activities in 2018 due to the shortage of land available for development, as well as the high cost of development, especially for single detached homes. For the denser housing segment, 24 townhouse rental units were under construction in 2018, nearing completion.

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 2018. 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.

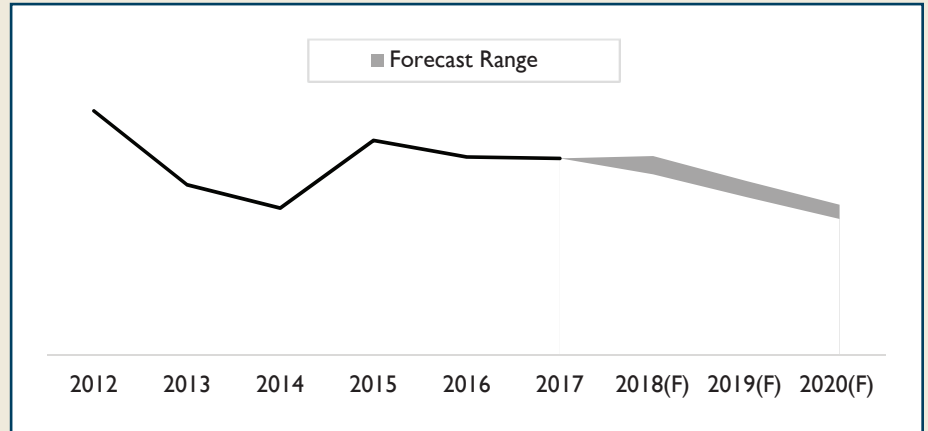
Methodology for forecast ranges

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.

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- 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

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- Funding and Securitization Data
- Household Characteristics
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