HOUSING NOW

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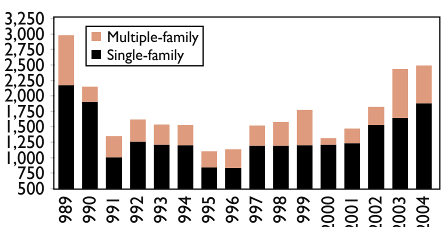
Canada Mortgage and Housing Corporation
www.cmhc.ca

Winnipeg Starts Highest Since 1989

There were 128 housing starts in the Winnipeg Census Metropolitan Area (CMA) during December 2004, one per cent fewer than were recorded in December 2003. However, thanks to robust activity throughout the year, total starts in 2004 were 2.4 per cent greater than the total for 2003. At 2,489 units in 2004, new home construction in Winnipeg experienced its best year since 1989 when 2,977 units were started.

For the first month since January, single family starts in the Winnipeg CMA slowed in a year-over-year comparison. Single-family starts were chilled in December, registering 21 fewer starts than December of last year for a drop of 17 per cent. However, at 102 units, this was still the second best December since 1993. Year-end results totaled 1,882 homes, the best year for single-family starts since 1990 and the sixth consecutive year of growth. Housing markets in the Winnipeg CMA are being bolstered by population and household growth thanks in part to a recent turnaround in net migration to the city. As well, low unemployment and favorable mortgage rates are fueling demand for homeownership. With the number of active listings in the Winnipeg resale market dwindling in the last few years, many homebuyers are turning to the better selection offered by the new home market, keeping starts numbers high.

Winnipeg CMA
Housing Starts Posted their best performance since 1989



Source: CMHC

With higher levels of construction, the supply of single-family homes under construction and those complete and unoccupied was up over 20 per cent at the end of December 2004 in comparison to the end of December 2003. This supply is also being taken up at a faster rate as average absorption for the last three months of 2004 was up 17 per cent over the average of the last quarter of 2003. Average price for a new single family home in 2004 reached $232,026, a seven per cent gain over 2003. Factors pushing up costs included increased labour and materials costs, as well as low mortgage rates enabling consumers to build more expensive homes. Land prices are also becoming a major factor pushing up the cost of a new home in Winnipeg where the land component of the New House Price Index for November 2004 was up over eight per cent in a year-over-year comparison, one of the largest increases in the country.

Another multiple-family housing project broke ground in December to boost the year-end total number of multiple-family starts in the Winnipeg CMA to 607 units. While this was 23 per cent less than the 789 units started in 2003, this year's total was the second best year since 1989, and almost double the ten-year average of 327 units. Demand for multiple-family housing remains strong as the seniors' market continues to grow as the population ages. Price gains in the resale market are also helping those empty-nesters who desire multi-family living as the gap has narrowed between the sale price they can realize on their existing home and the price of a new condominium. As well there is continued interest in rental market construction in response to Winnipeg's low vacancy rate.

Despite the high levels of multiple-family construction over the last two years, over supply does not appear to be an issue. Absorptions of multiple-family dwellings in 2004 were up almost three-fold over 2003. With Winnipeg's vacancy rate hovering just above one per cent, new rental units were absorbed almost immediately. There were 355 rental units completed during the course of 2004 and by the end of the year there were no complete and unoccupied units left. Absorption of condominium units was also up during 2004 where, after the completion of 295 row and apartment condos, only 40 units were left unoccupied at the end of December.

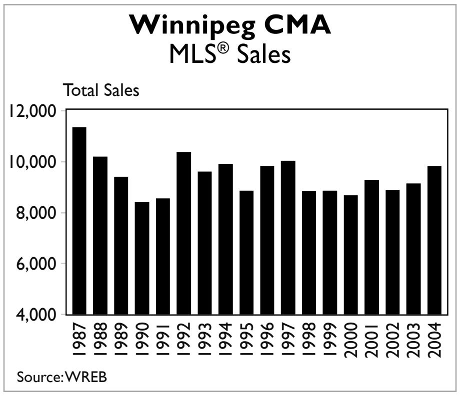
WINNIPEG
DECEMBER 2004

IN THIS ISSUE:

Rebound in Active Listings Fed Sales in 2004

A modest rebound in the number of active listings in the latter part of 2004 has helped to propel sales in the Winnipeg resale market this past year. The Winnipeg Real Estate Board registered 9,828 sales within the Winnipeg CMA boundaries in 2004, this represents a gain of 7.4 per cent over 2003, the greatest gain in sales since 1996. Despite strong demand for housing, sales in the Winnipeg market have been restricted in recent years by a lack of supply. Active listings in the Winnipeg resale market have been steadily declining since the mid 1990's. In 1995 there was an average of 5,000 listings on the market, in 2004 the average dipped below 1,000. As a result, the sales-to-active listings ratio, which is an indicator of the balance between demand and supply, averaged 86 percent in 2004, up from 76 per cent in 2003. This meant that, at an average of just over 800 sales per month, the total supply of active listings would be sold in approximately 35 days.

Winnipeg is presently enjoying a positive climate for home ownership. Not only are mortgage rates at record lows, population and household growth is at a level not seen in twenty years, the unemployment rate is one of the lowest in the country, and gains in average weekly earnings have outstripped inflation. Given this high level and demand and the aforementioned lack of supply, the Winnipeg resale market has been characterized by sellers' market conditions since 2002. In 2004, the market slipped into accelerating conditions during the peak spring and summer sales season. During this period, desirable properties were selling within days, many were entertaining multiple offers and

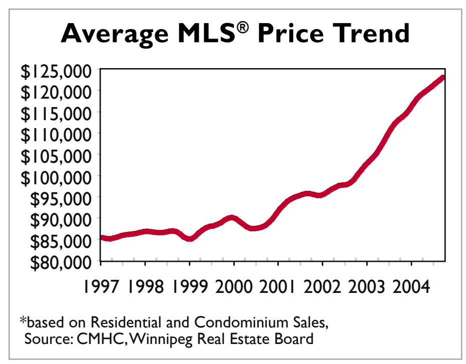


almost half the properties sold at or above their listed price. These prevailing sellers' market conditions have led to another year of double digit price growth. After climbing 11 per cent to $110,256 in 2003, the average sale price rose another 12 per cent in 2004 to reach $123,817.

Average price has increased in every zone in the city, however, the inner city zones saw the greatest increase where the average price went from $69,396 to $80,797, a jump of 16 per cent. Average price in the suburban zones rose 12 per cent going from $122,173 to $136,997. The price gap between the inner-city and the suburbs has therefore narrowed, where the average price in the suburban zones in 2003 was 76 per cent greater than that of the inner-city zones, the average price in 2004 is now 70 per cent greater.

An increase in sales of properties in the upper price ranges is also helping to push up the average price. Sales of homes over $210,000 in 2004 were up 56 per cent over 2003, with market share increasing from six per cent to nine per cent. Conversely, sales in the lower price ranges have dropped as all price categories under $79,999 registered a drop in sales. The greatest drop was in homes under $39,999 where there were 29 per cent fewer sales in 2004 compared to 2003 and market share has dropped from 10 per cent of all sales to six per cent. Contributing to this drop off in sales are low mortgage rates and carrying costs which are encouraging buyers to look to the higher price categories. Also, recent price gains mean that there are fewer homes in Winnipeg valued in the lowest price categories.

The condominium market represents only 10 per cent of all resale activity in the Winnipeg CMA, but it is growing. Sales of condominiums in 2004 were up 9.4 per cent over 2003. Price growth was also greater in this market where the average price went from $97,908 in 2003 to $115,469 in 2004, a gain of 18 per cent. This is mainly due to gains in sales in the upper price ranges at the expense of the lower ranges. In contrast to the single-family resale market, the average price for condominiums in the inner-city zones at $118,614 for 2004 is greater than the average price in the suburbs at $115,174.



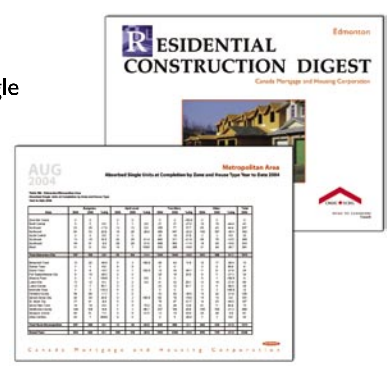


Table 1A
STARTS ACTIVITY BY AREA
WINNIPEG CMA - DECEMBER 2004

	Single		Multiple			Total		% chg
Area	2004	2003	Semi	Row	Apt	2004	2003	2004/ 2003
Brokenhead	2	2	0	0	0	2	2	0.00
East St. Paul R.M.	3	5	0	0	0	3	5	-40.00
Headingley R.M.	4	4	0	0	0	4	4	0.00
Ritchot R.M.	0	0	0	0	0	0	0	**
Rosser R.M.	0	0	0	0	0	0	0	**
St. Clements R.M.	6	5	0	0	0	6	5	20.00
St. Francois Xavier R.M.	1	0	0	0	0	1	0	**
Springfield R.M.	7	2	0	0	0	7	2	**
Tache R.M.	3	5	0	0	0	3	5	-40.00
West St. Paul R.M.	0	1	0	0	0	0	1	**
Winnipeg City	76	99	2	0	24	102	105	-2.86
Total	**102**	**123**	**2**	**0**	**24**	**128**	**129**	**-0.78**

Table 1B
STARTS ACTIVITY BY AREA
WINNIPEG CMA - YEAR TO DATE

	Single		Multiple			Total		% chg
Area	2004	2003	Semi	Row	Apt	2004	2003	2004/ 2003
Brokenhead	46	28	0	0	0	46	28	64.29
East St. Paul R.M.	93	99	0	0	0	93	99	-6.06
Headingley R.M.	27	30	0	0	0	27	30	-10.00
Ritchot R.M.	27	23	2	0	0	29	23	26.09
Rosser R.M.	5	2	0	0	0	5	2	**
St. Clements R.M.	55	59	0	0	32	87	59	47.46
St. Francois Xavier R.M.	10	8	0	0	0	10	8	25.00
Springfield R.M.	90	65	0	0	0	90	65	38.46
Tache R.M.	69	45	0	0	0	69	49	40.82
West St. Paul R.M.	20	23	0	0	0	20	23	-13.04
Winnipeg City	1,440	1,259	48	32	493	2,013	2,044	-1.52
Total	**1,882**	**1,641**	**50**	**32**	**525**	**2,489**	**2,430**	**2.43**

** indicates a greater than 100 per cent change

HOUSING NOW provides an overview of a survey conducted monthly by CMHC.
These surveys deal with Housing Starts, Completions and Absorptions for all CMA's across Canada. For more information please contact Dianne Himbeault, (MCIP) in Market Analysis at (204) 983-5648 or by email: dhimbeau@cmhc-schl.gc.ca.

Table 2A

HOUSING COMPLETIONS BY AREA

WINNIPEG CMA - DECEMBER 2004

	Single		Multiple			Total		% chg
Area	2004	2003	Semi	Row	Apt	2004	2003	2004/ 2003
Brokenhead	7	2	0	0	0	7	2	**
East St. Paul R.M.	4	4	0	0	0	4	4	0.00
Headingley R.M.	0	1	0	0	0	0	1	**
Ritchot R.M.	0	2	0	0	0	0	2	**
Rosser R.M.	0	0	0	0	0	0	0	**
St. Clements R.M.	5	5	0	0	0	5	5	0.00
St. Francois Xavier R.M.	1	0	0	0	0	1	0	**
Springfield R.M.	9	5	0	0	0	9	5	80.00
Tache R.M.	24	5	0	0	0	24	5	**
West St. Paul R.M.	0	2	0	0	0	0	2	**
Winnipeg City	69	57	12	0	33	114	57	**
Total	**119**	**83**	**12**	**0**	**33**	**164**	**83**	**97.59**

Table 2B

HOUSING COMPLETIONS BY AREA

WINNIPEG CMA - YEAR TO DATE

	Single		Multiple			Total		% chg
Area	2004	2003	Semi	Row	Apt	2004	2003	2004/ 2003
Brokenhead	40	34	0	0	0	40	34	17.65
East St. Paul R.M.	101	110	0	0	0	101	110	-8.18
Headingley R.M.	27	30	0	0	0	27	30	-10.00
Ritchot R.M.	16	20	0	0	0	16	20	-20.00
Rosser R.M.	6	0	0	0	0	6	0	**
St. Clements R.M.	60	55	0	0	0	60	55	9.09
St. Francois Xavier R.M.	8	6	0	0	0	8	6	33.33
Springfield R.M.	71	67	0	0	0	71	67	5.97
Tache R.M.	70	43	0	4	0	74	43	72.09
West St. Paul R.M.	19	22	0	0	0	19	22	-13.64
Winnipeg City	1,344	1,248	56	17	629	2,046	1,562	30.99
Total	**1,762**	**1,635**	**56**	**21**	**629**	**2,468**	**1,949**	**26.63**

** indicates a greater than 100 per cent change

Table 3
HOUSING ACTIVITY SUMMARY
WINNIPEG CMA

	Ownership					Rental				
Activity	**Freehold**			**Condominium**		**Private**		**Assisted**		**Grand Total**
	Single [1]	Semi [1]	Row	Row	Apt	Row	Apt	Row	Apt	
Starts										
December 2004	102	2	0	0	24	0	0	0	0	128
December 2003	123	2	0	0	4	0	0	0	0	129
Year-to-Date 2004	1,882	50	0	32	128	0	397	0	0	2,489
Year-to-Date 2003	1,641	48	0	32	298	4	407	0	0	2,430
Under Construction										
December 2004	781	12	0	29	157	0	397	0	0	1,376
December 2003	661	18	0	14	307	4	351	0	0	1,355
Completions										
December 2004	119	12	0	0	33	0	0	0	0	164
December 2003	83	0	0	0	0	0	0	0	0	83
Year-to-Date 2004	1,762	56	0	17	278	4	351	0	0	2,468
Year-to-Date 2003	1,635	36	0	26	40	0	212	0	0	1,949
Completed & Not Absorbed										
December 2004	169	14	0	0	40	0	0	0	0	223
December 2003	129	4	0	3	8	0	62	0	0	206
Total Supply [2]										
December 2004	950	26	0	29	197	0	397	0	0	1,599
December 2003	790	22	0	17	315	4	413	0	0	1,561
Absorptions										
December 2004	134	8	0	0	9	0	0	0	0	151
3-month Average	176	8	0	0	10	1	1	0	0	196
12-month Average	144	4	0	2	21	0	34	0	0	205

1 May include units intended for condominium.
2 Sum of units under construction, complete and unoccupied