

H

HOUSING NOW

Hamilton

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

New Homes

Cold temperatures slow new home market

The combination of low mortgage rates and a severe shortage of resale inventory in 2002 was expected to propel housing starts early this year. However, the first three months of 2003 were marked by cold temperatures and closer to average snowfall accumulations, relative to one year ago. The return to a more typical Canadian winter translated into mixed results in the Hamilton CMA new home market.

First quarter housing starts increased 15 per cent to 628 units. Frigid temperatures, compared to the first three months of last year, pushed single detached construction down 19 per cent to 323 units. A jump in condominium town home starts in Burlington caused multiple starts to

more than double last year's result to 305 units. Both condominium and freehold town home starts were the only unit types to post gains in the first quarter.

The jump in multiple unit construction was not enough to offset a downward shift in total housing starts from a 12 quarter high. On a seasonally adjusted annual rate basis (SAAR), total housing starts fell below 3,400. Single detached starts suffered a second consecutive quarter of declines to under 1,900 SAAR. Warmer spring temperatures will alleviate weather related construction delays in the coming months.

At the municipal level, the new city of Hamilton recorded a 31 per cent decline in starts. Burlington starts jumped 66 per cent thanks to a jump

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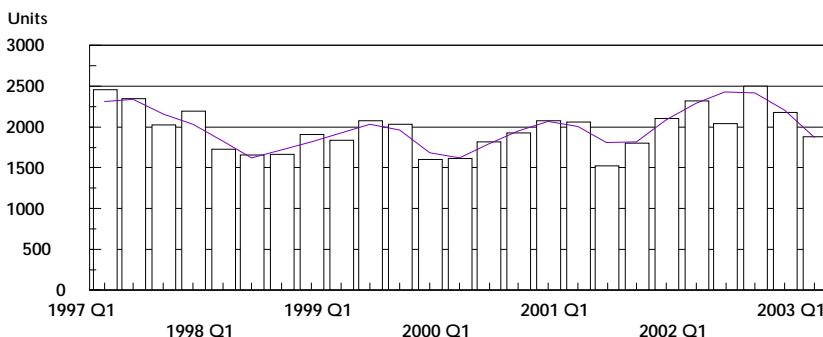
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Single Starts SAAR
Hamilton CMA



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in multiple units. Grimsby recorded 57 starts in the first quarter compared to 7 last year.



HOME TO CANADIANS
Canada

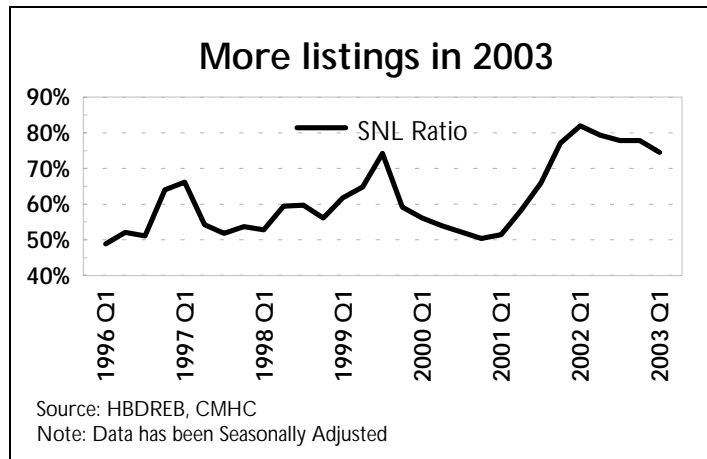
Move up buyer activity pushes prices up

The average price of a new single detached home in the Hamilton CMA increased by 5.6 per cent in the first quarter to \$262,998. An increase in move up buyer activity compared to last year has fuelled higher prices. Table 4 shows how many homes were absorbed within each price range. The data clearly shows that more higher priced homes were absorbed in the first quarter relative to one year ago. The number of homes sold over \$300,000 almost doubled, while those priced between \$200,000 and \$249,999 increased by 50 per cent.

Resale Market

Winter weather has moderate impact on resale market

Resale activity was moderately impacted by the bitter cold and snowy weather characterizing the first quarter of 2003. Total resale volumes in the Hamilton-Burlington and District Real Estate Board (HBDREB) dipped 8 per cent from one year ago to 2,893. However on a seasonally adjusted basis, MLS sales remain very strong. The combination of low mortgage rates and a strong employment market pushed MLS sales above 12,000 SAAR (seasonally adjusted annual rate) in the January to March period. This marks the sixth consecutive quarter with MLS sales volumes near the 12,000 SAAR level, well above the five year average of 10,945.



Some relief is in sight for home buyers. While 2002 marked a record low for new residential listings, both equity and income gains encouraged more home owners to add their home to the pool of listings in the first quarter. On a seasonally adjusted annual rate basis, new listings in the first quarter were the highest since the fall of 2001. The increase in listings pushed the sales-to-new-listings ratio (an indicator of market tightness) down to 75 per cent, still well within sellers' market territory.

The strong demand/tight supply scenario continues to push resale prices higher. The average resale price in the HBDREB area posted a five per cent gain in the first quarter to \$189,541. Larger price increases in the more expensive markets such as Ancaster, Dundas, and Flamborough suggests strong move up buyer activity. An active first time buyer market in the City of Hamilton has also resulted in solid price gains in the first quarter.

2001 Census: Ownership rates increase in the Hamilton CMA

Statistics Canada released data on families and dwelling characteristics in the fall of 2002 from the 2001 Census. Between 1996 and 2001, the total number of private dwellings increased by 7.4 per cent to 253,080 units in the Hamilton CMA. An average of 3,495 dwellings were formed annually between 1996 and 2001.

Data from the 2001 Census also indicates that there are more ownership dwellings and subsequently fewer renter dwellings relative to five years earlier. In 2001, 68 per cent of all dwellings were owned while the remaining 32 per cent were rented. This compares to a 65 per cent ownership rate and a 35 per cent renter rate in 1996.

Ownership rates increased in all local municipalities in the Hamilton CMA. In the new city of Hamilton, 65 per cent of all dwellings were owned in 2001 compared to 63 per cent in 1996. Burlington's ownership rate increased to 76 per cent from 71 per cent. Grimsby has the highest percentage of dwellings owned at 84 per cent in 2001, up from 81 per cent in 1996.

The total number of rented dwellings declined by 1,780 units between 1996 and 2001, despite a drop in the Hamilton CMA vacancy rate. Strong demand for traditional rental accommodation, combined with a decline in the number of rented dwellings, indicates that more households have been able to move into the ownership market. It also suggests that some rental dwellings found in condominium apartments, single family homes, and other low density housing types five years ago, are now occupied by owners.

Table 1
Starts by Zone and by Intended Market
Hamilton CMA

Zone	OWNERSHIP					RENTAL		TOTAL
	Freehold			Condominium		Row	Apt	
	Detached	Semi	Row	Row	Apt			
Hamilton City								
First Quarter 2003	36	0	0	19	0	0	0	55
First Quarter 2002	81	0	28	0	0	0	0	109
Percent Change	-55.6%	NA	-100.0%	NA	NA	NA	NA	-49.5%
Burlington City								
First Quarter 2003	104	8	43	181	0	0	0	336
First Quarter 2002	131	20	11	40	0	0	0	202
Percent Change	-20.6%	-60.0%	290.9%	352.5%	NA	NA	NA	66.3%
Stoney Creek City								
First Quarter 2003	78	0	0	0	0	0	0	78
First Quarter 2002	37	0	14	0	0	0	0	51
Percent Change	110.8%	NA	-100.0%	NA	NA	NA	NA	52.9%
Ancaster Town								
First Quarter 2003	57	0	0	16	0	0	0	73
First Quarter 2002	55	0	19	0	0	0	0	74
Percent Change	3.6%	NA	-100.0%	NA	NA	NA	NA	-1.4%
Dundas Town								
First Quarter 2003	4	0	0	0	0	0	0	4
First Quarter 2002	3	0	0	0	0	0	0	3
Percent Change	33.3%	NA	NA	NA	NA	NA	NA	33.3%
Flamborough								
First Quarter 2003	11	0	0	0	0	0	0	11
First Quarter 2002	54	18	0	0	0	0	0	72
Percent Change	-79.6%	-100.0%	NA	NA	NA	NA	NA	-84.7%
Glanbrook								
First Quarter 2003	10	4	0	0	0	0	0	14
First Quarter 2002	29	0	0	0	0	0	0	29
Percent Change	-65.5%	NA	NA	NA	NA	NA	NA	-51.7%
The new city of Hamilton								
First Quarter 2003	196	4	0	35	0	0	0	235
First Quarter 2002	259	18	61	0	0	0	0	338
Percent Change	-24.3%	-77.8%	-100.0%	NA	NA	NA	NA	-30.5%
Grimsby Town								
First Quarter 2003	23	0	34	0	0	0	0	57
First Quarter 2002	7	0	0	0	0	0	0	7
Percent Change	228.6%	NA	NA	NA	NA	NA	NA	714.3%
HAMILTON CMA								
First Quarter 2003	323	12	77	216	0	0	0	628
First Quarter 2002	397	38	72	40	0	0	0	547
Percent Change	-18.6%	-68.4%	6.9%	440.0%	NA	NA	NA	14.8%

Source: CMHC

Table 1 continued
Starts by Zone and by Intended Market
Halton Region

Zone	OWNERSHIP					RENTAL		TOTAL
	Freehold			Condominium		Row	Apt	
	Detached	Semi	Row	Row	Apt			
Oakville								
First Quarter 2003	88	0	31	17	12	0	0	148
First Quarter 2002	321	8	39	84	0	0	0	452
Percent Change	-72.6%	-100.0%	-20.5%	-79.8%	NA	NA	NA	-67.3%
Milton								
First Quarter 2003	57	44	0	0	0	0	0	101
First Quarter 2002	109	60	64	0	0	0	0	233
Percent Change	-47.7%	-26.7%	-100.0%	NA	NA	NA	NA	-56.7%
Halton Hills								
First Quarter 2003	117	0	0	0	0	0	0	117
First Quarter 2002	40	34	0	0	0	0	0	74
Percent Change	192.5%	-100.0%	NA	NA	NA	NA	NA	58.1%
Region of Halton								
First Quarter 2003	366	52	74	198	12	0	0	702
First Quarter 2002	601	122	114	124	0	0	0	961
Percent Change	-39.1%	-57.4%	-35.1%	59.7%	NA	NA	NA	-27.0%

Source: SCHL

Table 2
Activity Summary by Intended Market
Hamilton Census Metropolitan Area

Zone	OWNERSHIP					RENTAL		TOTAL
	Freehold			Condominium		Row	Apt	
	Detached	Semi	Row	Row	Apt			
Starts								
First Quarter 2003	323	12	77	216	0	0	0	628
First Quarter 2002	397	38	72	40	0	0	0	547
Percent Change	-18.6%	-68.4%	6.9%	440.0%	NA	NA	NA	14.8%
Under Construction								
First Quarter 2003	768	35	364	398	125	3	12	1,705
First Quarter 2002	665	76	182	206	335	0	0	1,464
Completions								
First Quarter 2003	454	20	115	136	0	0	12	737
First Quarter 2002	402	48	62	108	88	0	0	708
Percent Change	12.9%	-58.3%	85.5%	25.9%	-100.0%	NA	NA	4.1%
Unoccupied								
First Quarter 2003	277	33	109	126	113	0	0	658
First Quarter 2002	87	21	35	10	29	0	0	182
Total Supply								
First Quarter 2003	1,073	86	516	469	154	3	13	2,314
First Quarter 2002	1,018	127	398	469	448	0	0	2,460
Absorptions								
First Quarter 2003	548	28	127	178	18	0	5	904
First Quarter 2002	430	36	43	97	107	0	0	713
Percent Change	27.4%	-22.2%	195.3%	83.5%	-83.2%	NA	NA	26.8%

Source: CMHC

Table 3
Activity Summary Market by Zone
Hamilton CMA & Halton region

Zone	OWNERSHIP					RENTAL		OWNERSHIP					RENTAL	
	Freehold			Condo		Row	Apt	Freehold			Condo		Row	Apt
	Single	Semi	Row	Row	Apt			Single	Semi	Row	Row	Apt		
Under Construction	First Quarter 2003							First Quarter 2002						
Ancaster Town	112	4	0	17	0	0	0	72	2	28	7	0	0	0
Burlington City	282	26	253	322	43	3	0	282	62	38	49	279	0	0
Dundas Town	19	0	8	0	62	0	0	13	0	0	0	0	0	0
Flamborough Town	41	0	0	0	0	0	0	64	12	0	0	0	0	0
Glanbrook Twp.	50	4	0	14	0	0	0	61	0	0	57	0	0	0
Grimsby Town	35	0	46	5	0	0	0	13	0	15	7	0	0	0
Hamilton City	74	0	0	40	20	0	12	116	0	66	86	46	0	0
Stoney Creek City	155	1	57	0	0	0	0	44	0	35	0	10	0	0
Hamilton (new city)	451	9	65	71	82	0	12	370	14	129	150	56	0	0
Total CMA	768	35	364	398	125	3	12	665	76	182	206	335	0	0
Halton Hills	181	2	9	0	0	0	0	43	36	0	0	0	0	0
Milton	327	110	62	0	0	0	0	232	86	159	0	0	0	0
Oakville	739	10	171	108	252	0	0	467	68	124	118	0	0	0
Halton Region	1,529	148	495	430	295	3	0	1,024	252	321	167	279	0	0
Completions	First Quarter 2003							First Quarter 2002						
Ancaster Town	112	4	0	17	0	0	0	81	0	0	7	0	0	0
Burlington City	282	26	253	322	43	3	0	68	30	36	10	80	0	0
Dundas Town	19	0	8	0	62	0	0	12	2	0	0	0	0	0
Flamborough Town	41	0	0	0	0	0	0	41	12	0	8	0	0	0
Glanbrook Twp.	50	4	0	14	0	0	0	36	2	0	0	0	0	0
Grimsby Town	35	0	46	5	0	0	0	16	0	6	0	0	0	0
Hamilton City	74	0	0	40	20	0	12	94	2	4	40	0	0	0
Stoney Creek City	155	1	57	0	0	0	0	54	0	16	43	8	0	0
Hamilton (new city)	451	9	65	71	82	0	12	318	18	20	98	8	0	0
Total CMA	768	35	364	398	125	3	12	402	48	62	108	88	0	0
Halton Hills	181	2	9	0	0	0	0	84	20	0	0	0	0	0
Milton	327	110	62	0	0	0	0	156	80	97	0	0	0	0
Oakville	739	10	171	108	252	0	0	136	50	11	0	0	0	0
Halton Region	1,529	148	495	430	295	3	0	444	180	144	10	80	0	0
Unoccupied	First Quarter 2003							First Quarter 2002						
Ancaster Town	14	0	0	1	0	0	0	96	2	0	4	6	0	0
Burlington City	5	13	27	5	27	0	0	20	14	97	67	107	0	0
Dundas Town	0	0	0	0	0	0	0	4	0	0	0	0	0	0
Flamborough Town	4	1	0	0	0	0	0	11	7	0	16	0	0	0
Glanbrook Twp.	11	3	0	0	0	0	0	32	4	0	0	0	0	0
Grimsby Town	8	0	6	0	0	0	0	11	0	5	1	0	0	0
Hamilton City	24	4	0	4	0	0	0	87	4	2	21	0	0	0
Stoney Creek City	21	0	2	0	0	0	0	16	2	5	17	0	0	0
Hamilton (new city)	74	8	2	5	0	0	0	246	19	7	58	6	0	0
Total CMA	87	21	35	10	29	0	0	277	33	109	126	113	0	0
Halton Hills	18	2	0	0	0	0	0	10	1	0	0	0	0	0
Milton	19	35	0	0	0	0	0	25	17	90	0	0	0	7
Oakville	22	15	10	23	0	0	0	39	18	89	30	23	0	0
Halton Region	64	65	37	28	27	0	0	94	50	276	97	130	0	7

Source: CMHC

**Table 3
Activity Summary Market by Zone
Hamilton CMA & Halton region**

Zone	OWNERSHIP					RENTAL		OWNERSHIP					RENTAL	
	Freehold			Condo		Row	Apt	Freehold			Condo		Row	Apt
	Single	Semi	Row	Row	Apt			Single	Semi	Row	Row	Apt		
Absorptions	First Quarter 2003							First Quarter 2002						
Ancaster Town	56	2	8	28	0	0	0	57	0	0	17	0	0	0
Burlington City	134	17	101	68	18	0	0	77	26	19	8	99	0	0
Dundas Town	24	0	0	0	0	0	0	11	2	0	0	0	0	0
Flamborough Town	20	3	0	8	0	0	0	47	6	0	0	0	0	0
Glanbrook Twp.	56	2	0	55	0	0	0	43	0	0	0	0	0	0
Grimsby Town	12	0	0	8	0	0	0	13	0	6	0	0	0	0
Hamilton City	153	4	12	11	0	0	5	128	2	2	24	0	0	0
Stoney Creek City	93	0	6	0	0	0	0	54	0	16	43	8	0	0
Hamilton (new city)	402	11	26	102	0	0	5	340	10	18	84	8	0	0
Total CMA	548	28	127	178	18	0	5	430	36	43	92	107	0	0
Halton Hills	59	0	0	0	0	0	0	84	20	0	0	0	0	0
Milton	193	61	35	0	0	0	0	141	67	16	0	0	0	4
Oakville	118	20	63	19	0	0	0	137	43	37	3	42	0	0
Halton Region	504	98	199	87	18	0	0	439	156	72	11	141	0	4

Source: CMHC

2003 HOUSING OUTLOOK CONFERENCES

The Market Analysis Centre of CMHC is proud to present its 2003 annual Housing Outlook Conferences, the largest and highest profile conferences on the residential housing market in Ontario.

For more information and to register, contact 1-800-668-2642.

City	Date	Location
Thunder Bay	October 7	Valhalla Inn
St. Catharines	October 9	White Oaks
Hamilton	October 16	Sheraton Hotel
Kitchener	October 21	Waterloo Inn & Conference Centre
Ottawa	October 23	Ottawa Congress Centre
Sudbury	October 28	Science North
London	October 30	Four Points Sheraton
Windsor	November 6	The Caboto Club

Table 4
Single-detached sales by price range
Hamilton CMA & Halton Region

	Average Price	Total Sales	< \$150,000		\$150,000 - \$199,999		\$200,000 - \$249,999		\$250,000 - \$299,999		\$300,000 - \$349,999		\$350,001+	
			Units	Share	Units	Share	Units	Share	Units	Share	Units	Share	Units	Share
Burlington														
2003 to March	\$348,096	134	0	0.0%	0	0.0%	1	0.7%	19	14.2%	86	64.2%	28	20.9%
2002 to March	\$311,504	77	0	0.0%	4	5.2%	2	2.6%	23	29.9%	30	39.0%	18	23.4%
Hamilton														
2003 to March	\$235,302	402	2	0.5%	21	5.2%	307	76.4%	28	7.0%	30	7.5%	14	3.5%
2002 to March	\$231,124	340	3	0.9%	51	15.0%	206	60.6%	54	15.9%	10	2.9%	16	4.7%
Grimsby														
2003 to March	\$240,567	12	0	0.0%	0	0.0%	10	83.3%	1	8.3%	1	8.3%	0	0.0%
2002 to March	\$358,746	13	0	0.0%	0	0.0%	4	30.8%	1	7.7%	5	38.5%	3	23.1%
Hamilton CMA														
2003 to March	\$262,998	548	2	0.4%	21	3.8%	318	58.0%	48	8.8%	117	21.4%	42	7.7%
2002 to March	\$249,376	430	3	0.7%	55	12.8%	212	49.3%	78	18.1%	45	10.5%	37	8.6%
Oakville														
2003 to March	\$471,999	190	0	0.0%	0	0.0%	19	10.0%	51	26.8%	49	25.8%	71	37.4%
2002 to March	\$362,978	137	1	0.7%	1	0.7%	19	13.9%	72	52.6%	28	20.4%	16	11.7%
Milton														
2003 to March	\$259,155	298	13	4.4%	63	21.1%	65	21.8%	103	34.6%	42	14.1%	12	4.0%
2002 to March	\$265,234	141	0	0.0%	10	7.1%	30	21.3%	65	46.1%	36	25.5%	0	0.0%
Halton Hills														
2003 to March	\$269,908	100	1	1.0%	13	13.0%	27	27.0%	27	27.0%	27	27.0%	5	5.0%
2002 to March	\$241,645	84	5	6.0%	5	6.0%	57	67.9%	10	11.9%	1	1.2%	6	7.1%
Halton Region														
2003 to March	\$329,760	588	14	2.4%	76	12.9%	111	18.9%	181	30.8%	118	20.1%	88	15.0%
2002 to March	\$299,339	439	6	1.4%	20	4.6%	108	24.6%	170	38.7%	95	21.6%	40	9.1%

*Note: Halton Region includes Burlington, Oakville, Milton and Halton Hills

CONDOMINIUM BUYERS' GUIDE

This guide provides consumers considering the purchase of new or existing condominiums with guidance on what to look for, affordability considerations, how to assess the condominium corporations's financial situation and physical condition, and general information on condominium living.

To obtain a free copy of this valuable tool visit www.cmhc.ca today.

Table 5
MLS* residential sales by municipality
Hamilton & Halton Region

	Unit Sales			Average Price		
	2003 Jan. to Mar.	2002 Jan. to Mar.	percent change	2003 Jan. to Mar.	2002 Jan. to Mar.	percent change
Hamilton City	1,241	1,289	-3.7%	\$142,761	\$130,657	9.3%
Burlington	737	817	-9.8%	\$240,277	\$231,202	3.9%
Stoney Creek	214	202	5.9%	\$195,420	\$183,310	6.6%
Ancaster	99	117	-15.4%	\$310,797	\$274,029	13.4%
Dundas	61	97	-37.1%	\$212,689	\$182,138	16.8%
Flamborough**	114	173	-34.1%	\$260,730	\$238,976	9.1%
Grimsby	90	79	13.9%	\$198,544	\$199,506	-0.5%
Hamilton-Burlington R.E.B.	2,893	3,138	-7.8%	\$189,541	\$179,782	5.4%

Source: Hamilton-Burlington and District Real Estate Board

** includes Waterdown

Oakville	575	661	-13.0%	\$356,221	\$318,838	11.7%
Milton	86	86	0.0%	\$235,539	\$214,482	9.8%
Burlington	103	102	1.0%	\$248,871	\$261,580	-4.9%
Oakville- Milton R.E.B.	874	970	-9.9%	\$326,905	\$305,750	6.9%

Source: Oakville, Milton and District Real Estate Board

* Multiple Listing Service (MLS) is a registered certification mark owned by The Canadian Real Estate Association

DEFINITIONS

Refer to the following definitions when interpreting the tables in this report.

HOUSING START refers to a dwelling unit where construction has advanced to a state where full (100%) footings are in place. In the case of multiple unit structures, this definition of a start applies to the entire structure.

UNDER CONSTRUCTION refers to the inventory of units currently being constructed. Under construction figures include current month starts and exclude current month completions.

COMPLETION

For single-detached and semi-detached dwellings: implies that 90% or more of the structure has been completed. A structure may be considered to be complete and ready for occupancy when only seasonal deficiencies and/or minor infractions to building codes remain.
Row and apartments: implies that 90% or more of the dwelling units within a structure are completed and ready for occupancy.

COMPLETED AND NOT ABSORBED refers to newly constructed, completed units which have not been sold or rented.

TOTAL SUPPLY refers to the total supply of new units and includes pending starts, units under construction and units that are completed but not absorbed.

ABSORPTIONS refer to newly completed units which have been sold or rented. The number of absorptions is obtained from a survey initiated when the structure is completed. Units sold or leased prior to construction are not considered as absorbed until the completion stage.

PENDING START refers to a dwelling unit where a building permit and/or National Housing Act (NHA) approval exists but construction has not started.

Housing Now is published four times yearly for the Hamilton Metropolitan market. Forecast Summary Supplement is included with the 1st and 3rd quarter reports. An annual subscription to the Hamilton Housing Now is \$55.00 plus GST. To order, please contact Ontario customer service at 1-800-493-0059.

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ORECAST

Hamilton

SUMMARY

Canada Mortgage and Housing Corporation

ISSUE:
SPRING 2003

New Home Market

Housing starts to edge up this year

Demand for new homes in the Hamilton Census Metropolitan Area (CMA) has been bolstered by low mortgage rates, migration and employment gains. The new home market, however, also continues to benefit from a listings shortage in the resale market. Strong demand for resale homes throughout 2002, combined with a decline in listings, pushed some buyers into the new home market as they were unable to satisfy their housing needs in the resale market.

While record low listings in 2002 will boost residential construction in the first half of 2003, there are factors to

be considered for the second half of the year. First, equity gains have encouraged more listings in the first three months of 2003. The increase in supply may come at the expense of residential housing starts, as some buyers prefer shorter closing dates. Second, marginally higher mortgage rates in the second half of the year, combined with rising prices, will impact first time buyer demand. As carrying costs edge upward, some first time buyers will postpone home buying this year. The end result is that starts for the more expensive single detached units will edge down to 2,150 by year end.

Higher carrying costs will boost the attractiveness of less expensive multiple units in 2003. The increase

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New Homes

- 1 Housing starts to edge up this year

Resale Market

- 2 Booming resale market will cool slightly in 2003

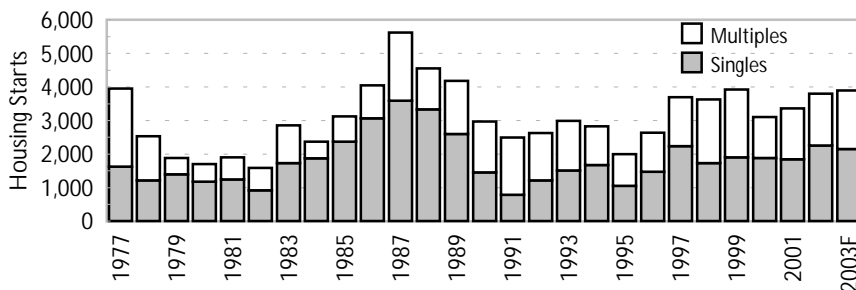
Rental Market

- 2 Expect higher vacancy rate in 2003

Economic Indicators

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Hamilton CMA
Multiples will boost 2003 starts



Source: CMHC

in demand for town homes and condominium apartments will, therefore, push multiple units to 1,750 units in 2003.

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CMHC - Market Analysis
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HOME TO CANADIANS
Canada

This will be the highest level of multiple unit construction since 1999. Total housing starts are forecast to edge up 2.6 per cent to 3,900 units this year, on the strength of multiple unit construction.

Robust demand for new homes, most notably in the move up buyer category, will push new home prices higher in 2003. Price increases in the resale market are also spilling over to the new home market. By year

end, the average price of a new single detached home in the Hamilton CMA will increase 5.2 per cent to \$275,000.

Resale Market

Booming resale market will cool slightly in 2003

In recent years, a combination of historically low mortgage rates, migration and a recovering labour market have been the main factors driving housing demand. These economic and demographic factors pushed resale volumes to a record breaking high last year, and will continue to influence housing demand in 2003. However, we are now faced with the question: will employment growth be enough to offset higher carrying costs?

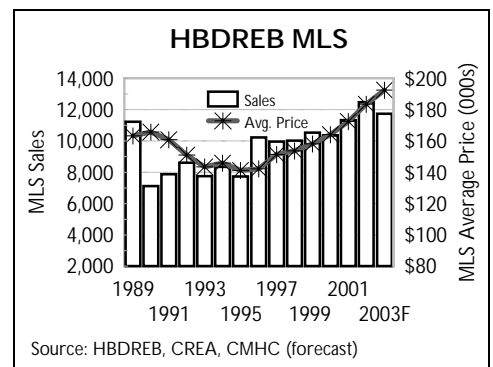
The local employment market is markedly different from one year ago. At the start of 2002, the Hamilton CMA reached the bottom of a sharp decline in employment. Since that time, job creation has resumed an upward trend surpassing the previous high in 2001. While a recovering job market will boost demand for housing, it should be noted that approximately two thirds of the new jobs since last year are

part time positions which have little impact on the ownership market.

In terms of carrying costs, there are two components to consider. First, mortgage rates were lower in the first quarter of 2003 compared to one year ago, but are forecast to increase as the year progresses (see page 3). Second, resale prices continue to move higher. The average resale price in the Hamilton-Burlington District Real Estate Board (HBDREB) area has increased 33 per cent since 1996. The combined impact of higher mortgage rates and rising prices is that some first time buyers will delay home buying this year. So while employment gains will lead to increased purchase power for some, higher carrying costs will translate into a moderately cooler market this year. As such, MLS sales are forecast to reach 11,750 units - still the third best year ever.

Strong demand for resale homes, combined with a shortage of listings, continues to push prices upward. In 2003, equity gains and a shift toward

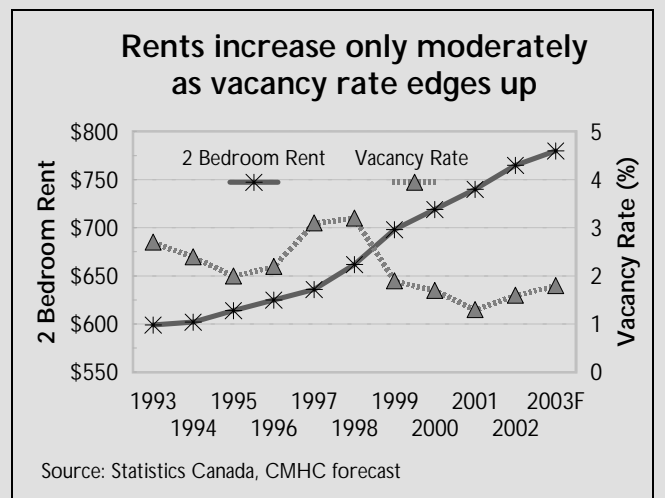
move up buyer activity will result in more listings relative to last year. While buyers will have more choice with respect to supply, the resale market will remain firmly seated in sellers' market territory. Sellers will still command bargaining power, however, the increase in listings will lead to more moderate price growth this year. The average resale price will increase 4.9 per cent to \$192,500 in 2003.



Rental Market

Expect higher vacancy rate in 2003

The vacancy rate is forecast to increase for a second consecutive year. While a stronger youth employment market will boost demand for rental accommodation, low mortgage rates and a solid job market are expected to attract more renters to make the move to ownership. In the current environment of rising rents, renters of larger apartment units are finding that monthly rents are comparable to the carrying costs of ownership. As such, the vacancy rate will edge up to 1.8 per cent this year. Despite softer demand, the average rent for a two bedroom unit will edge up by 2.0 per cent to \$780.



Economic Overview

Employment remains high

After bottoming out in February 2002, the Hamilton CMA has witnessed 13 consecutive months of employment growth. During this time, nearly 23,000 jobs have been created pushing employment levels beyond the previous high in 2001 (see graph). In the first quarter of 2003, 2,700 jobs have been added to the local labour market.

The Hamilton CMA experienced employment gains in both the full and part time sectors, relative to last year. Almost one third of the new jobs are full time. In the first three months of 2003, employment growth

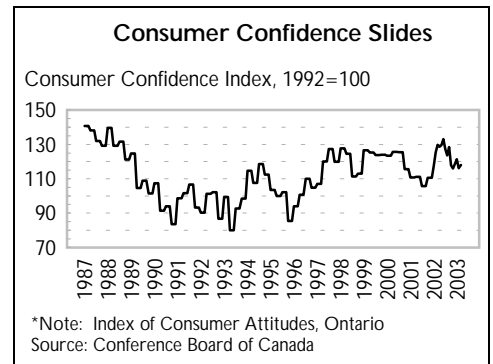
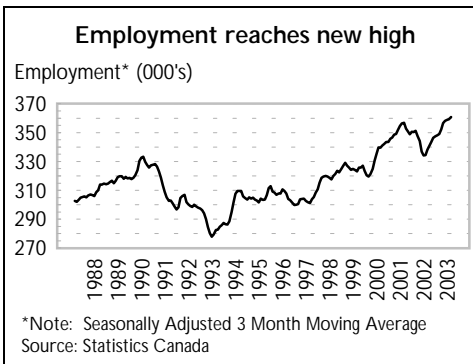
was concentrated in the part time sector.

With respect to industrial sectors, manufacturing employment stalled in the beginning of the year and rebounded in March. Manufacturing employment was boosted by gains in the fabricated metal products, and machinery sectors. The trade and service sectors experienced job losses from December 2002. Both the construction and FIRE (finance, insurance and real estate) sectors posted job gains in the first three months of 2003.

The impact of employment gains on Hamilton CMA housing market should become evident in the coming months. After declining in 2002, employment for the key renter group aged 15 to 24 has resumed an upward trend. Employment gains for young adults will boost demand for rental accommodation. Likewise, the first time buyer group aged 25 to 44 has also experienced solid employment gains after suffering significant job losses last year. With employment opportunities for this age group expanding, more individuals will be in a position to save for a down payment.

Consumer confidence slides

Weak equity markets and corporate scandals marked much of last year, yet consumer confidence in Ontario soared to a 14 year high in June 2002. Since that time consumer confidence has been sliding. In the first three months of 2003, Ontarians were dealing with the economic uncertainties of war in Iraq and also rising inflation on the homefront. While the full impact of the war had not yet been diagnosed, the Bank of Canada did raise the Bank Rate by one-quarter percent in both March and April to 3.50 per cent. As uncertainty dissipates, further rate hikes are anticipated in 2003.

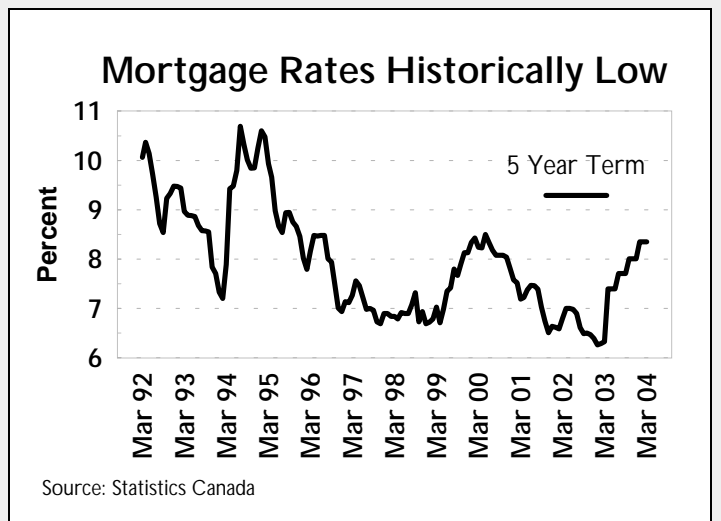


Mortgage rates on the rise - still low by historical standards

Short-term mortgage rates move in tandem with the prime rate while mid and long term mortgage rates vary in response to the cost of raising funds in the bond markets. Mortgage rates are forecast to rise as interest rates head up this year and next.

Spreads between mortgage rates and comparable bond yields have remained at 200 - 250 bps in the last couple of years, providing lenders with some room to negotiate discounts ranging 50 - 150 bps from the posted rates. These spreads are likely to persist in the near term.

The one, three and five year closed mortgage rates are expected to be in the 5.00-6.25, 6.00-7.25, and 6.50-7.75 per cent range respectively this year.



FORECAST SUMMARY

HAMILTON CENSUS METROPOLITAN AREA

NEW HOME MARKET	2000	2001	2002	2003F	% Change
Complete and Unoccupied (March)					
Single-detached	178	137	277	87	-68.6%
Multi-family (semi, row, apt.)	267	291	381	95	-75.1%
Starts					
Single-detached	1,884	1,842	2,259	2,150	-4.8%
Multi-family	1,224	1,523	1,544	1,750	13.3%
Total	3,108	3,365	3,803	3,900	2.6%
Average New House Price					
Single-detached	\$238,368	\$253,334	\$261,341	\$275,000	5.2%

RESALE MARKET

Hamilton-Burlington and District					
REB					
MLS ¹ Sales	10,347	11,334	12,482	11,750	-5.9%
MLS New Listings	19,496	18,585	15,850	17,000	7.3%
Sales-to-Listings Ratio	53.1%	61.0%	78.8%	69.1%	
MLS Average Price	\$164,168	\$172,567	\$183,442	\$192,500	4.9%

RENTAL MARKET

Apartment Vacancy Rate	1.7%	1.3%	1.6%	1.8%	
Average Rent (2 bedroom)	\$719	\$740	\$765	\$780	2.0%

ECONOMIC OVERVIEW

Mortgage Rate (1 year term)	7.74	6.14	5.17	5.45	
Mortgage Rate (5 year term)	8.35	7.41	7.02	7.01	
Employed (000's)	345.4	348.4	347.9	361.0	3.8%
Employment Growth (000's)	1.1	3.0	-0.5	13.1	
Net Migration (tax filer data)	5,560	6,992	6,500	6,700	3.1%

Sources: CREA, Hamilton-Burlington and District Real Estate Board, Statistics Canada, and Conference Board of Canada
¹ Multiple Listings Service (MLS) is a registered certification mark own by the Canadian Real Estate Association (CREA)

Forecast Summary is CMHC's forecast for new home and resale markets. Issues are released in the Spring and Fall of each year.

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