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## YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

### New Homes

#### Housing starts soar in the third quarter

This summer's hot new home market kept builders busy in the third quarter as housing starts soared. From July to September, Hamilton CMA housing starts jumped 28 percent to 1,159 units compared to the third quarter of last year. The single detached sector reached heights last seen during the boom of the late 1980s recording 729 new home starts, an increase of 39 percent over the third quarter of last year. On a seasonally adjusted annual rate (SAAR) basis, single detached starts activity hit a twelve and a half year high of 2,480 SAAR in the third quarter of 2002. Multi-family housing starts moved 13 percent higher to 430 units thanks to a surge in town-home construction.

Much of this quarter's increase in housing activity came from Burlington where starts nearly doubled to 627 units. With 344 third quarter row starts, Burlington town-homes actually outpaced its 253 single detached new home starts.

For the first nine months of this year, housing start inched three percent above the same period last year. There were 2,710 starts in the Hamilton CMA in the first three quarters of this year, with 1,708 (+39 percent) singles and 1,002 multiples (-24 percent).

With double digit year-to-date increases in new home construction being recorded in many of Canada's metropolitan areas, starts activity in the Hamilton CMA has lagged by comparison. In the first nine months of 2001, total housing starts were boosted by 457 condominium apartment starts. So far this year, there have only been 49 condo apartments started. The strong single detached market has helped push starts higher and the trend is on the rise (see graph). Low mortgage rates throughout 2002 has lowered carrying

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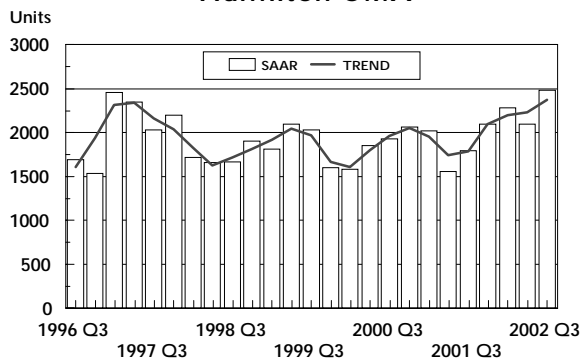
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**Single Starts SAAR  
Hamilton CMA**



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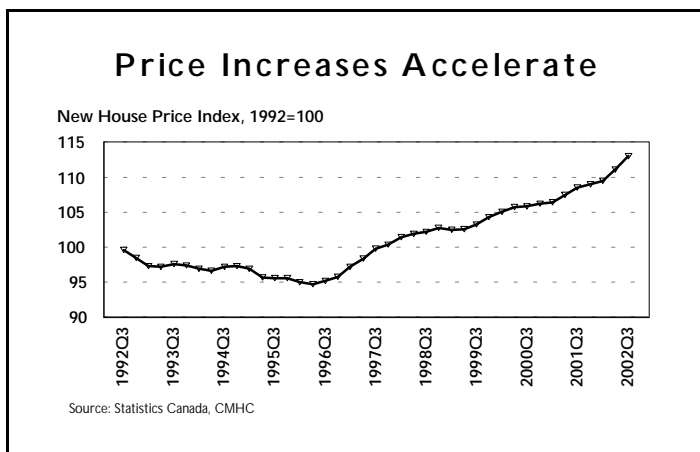
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costs such that many potential buyers have discovered that they can afford a more expensive single detached home.

## New house prices are on the rise

New house prices in the Hamilton CMA rose in the first three quarters of this year. The average price of a new single detached home increased 3.1 percent to \$260,863 compared to the same period last year. This 3.1 percent increase is slightly less than the 4.7 percent year-over-year (August) increase recorded by the quality adjusted New House Price Index. Double digit year-to-date price increases in Burlington and Grimsby new home markets have easily outpaced the City of Hamilton's 0.8 percent price hike.

With an average new single detached house price of \$234,291, the City of Hamilton saw two thirds of its sales in the \$200,000 - \$249,999 price range and only 3.9 percent of sales at or above the \$350,000 mark. The City of Burlington, on the other hand, recorded an average price of \$325,049 with over one-third of sales in the \$350,000+ category and just 1.2 percent of sales between \$200,000 - \$249,999. Clearly, the move up market is very alive and well in Burlington whereas the City of Hamilton is catering to a different clientele.

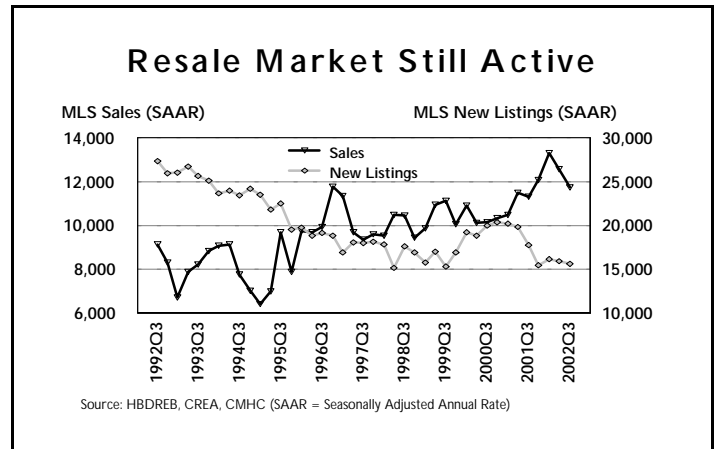


The average price of a new single detached home in Grimsby rose to \$267,082 recording a significant percentage increase in the number of homes at or above \$300,000. While price pressures can vary from area to area, much of the increase in Grimsby's average price this year is due to the relatively small number of home sales increasing the susceptibility to large swings in the average price. Thus a small pocket of higher end homes combined with fewer starter homes has pushed the overall average price substantially higher in Grimsby.

# Resale Market

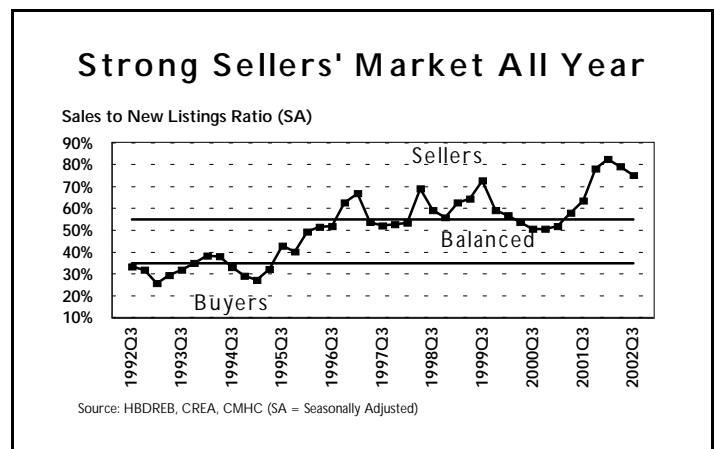
## Resale market still active

While third quarter seasonally adjusted resale activity posted its second quarterly decline (see graph), MLS sales



remained near decade high levels. Q3 economic conditions are only slightly less favourable than in Q1 when there was soaring consumer confidence. New listings followed the slight decline in sales, thereby keeping the sales-to-new-listings ratio firmly in sellers' territory. Rising prices in the resale market were offset somewhat by lower fixed term mortgage rates in the third quarter. Although consumer confidence has slipped, the local economy has now posted seven consecutive months of job growth.

Third quarter resale activity in the Hamilton-Burlington and District Real Estate Board (HBDREB) area increased 3.7 percent to 3,037 sales compared to the third quarter of 2001. The average MLS price rose 8.5 percent to \$187,574 in the third quarter of 2002 versus \$172,917 recorded in the same quarter of last year. Large percentage increases were recorded in Dundas, Flamborough and Grimsby with the third quarter average price hitting \$179,757, \$243,798 and \$180,836 respectively.



**Table 1  
Starts by Zone and by Intended Market  
Hamilton CMA**

Zone	OWNERSHIP					RENTAL		TOTAL
	Freehold			Condominium		Row	Apt	
	Detached	Semi	Row	Row	Apt			
<b>Hamilton City</b>								
Third Quarter 2002	103	2	0	6	6	0	12	129
Third Quarter 2001	144	2	5	46	0	0	0	197
Year-to-date 2002	356	2	34	60	6	0	12	470
Year-to-date 2001	328	6	23	135	46	0	0	538
<b>Burlington City</b>								
Third Quarter 2002	253	30	241	103	0	0	0	627
Third Quarter 2001	128	32	0	6	151	0	0	317
Year-to-date 2002	489	54	277	177	43	0	0	1,040
Year-to-date 2001	348	40	182	153	403	0	0	1,126
<b>Stoney Creek City</b>								
Third Quarter 2002	220	0	10	0	0	0	0	230
Third Quarter 2001	45	2	23	26	0	0	0	96
Year-to-date 2002	338	0	75	0	0	0	47	460
Year-to-date 2001	127	6	64	63	8	0	0	268
<b>Ancaster Town</b>								
Third Quarter 2002	44	0	0	0	0	0	0	44
Third Quarter 2001	95	2	0	20	0	0	0	117
Year-to-date 2002	227	0	32	82	0	0	0	341
Year-to-date 2001	232	6	0	57	0	0	0	295
<b>Dundas Town</b>								
Third Quarter 2002	23	0	8	0	0	0	0	31
Third Quarter 2001	8	0	0	0	0	0	0	8
Year-to-date 2002	33	0	8	0	0	0	0	41
Year-to-date 2001	29	0	0	0	0	0	0	29
<b>Flamborough</b>								
Third Quarter 2002	47	0	0	0	0	0	0	47
Third Quarter 2001	26	4	0	0	0	0	0	30
Year-to-date 2002	122	18	0	0	0	0	0	140
Year-to-date 2001	82	22	0	16	0	0	0	120
<b>Glanbrook</b>								
Third Quarter 2002	20	0	0	12	0	0	0	32
Third Quarter 2001	53	0	0	57	0	0	0	110
Year-to-date 2002	88	4	18	36	0	0	0	146
Year-to-date 2001	86	0	0	61	0	0	0	147
<b>The new city of Hamilton</b>								
Third Quarter 2002	457	2	18	18	6	0	12	513
Third Quarter 2001	371	10	28	149	0	0	0	558
Year-to-date 2002	1,164	24	167	178	6	0	59	1,598
Year-to-date 2001	884	40	87	332	54	0	0	1,397
<b>Grimsby Town</b>								
Third Quarter 2002	19	0	0	0	0	0	0	19
Third Quarter 2001	26	0	6	0	0	0	0	32
Year-to-date 2002	55	0	12	5	0	0	0	72
Year-to-date 2001	77	0	26	0	0	0	0	103
<b>HAMILTON CMA</b>								
Third Quarter 2002	729	32	259	121	6	0	12	1,159
Third Quarter 2001	525	42	34	155	151	0	0	907
Year-to-date 2002	1,708	78	456	360	49	0	59	2,710
Year-to-date 2001	1,309	80	295	485	457	0	0	2,626

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			
<b>Oakville</b>								
Third Quarter 2002	311	28	38	38	56	0	0	471
Third Quarter 2001	129	32	44	0	0	0	0	205
Year-to-date 2002	998	88	218	166	168	0	0	1,638
Year-to-date 2001	500	54	62	0	92	0	0	708
<b>Milton</b>								
Third Quarter 2002	195	70	83	0	0	0	0	348
Third Quarter 2001	114	92	103	0	0	0	0	309
Year-to-date 2002	661	252	251	0	0	0	0	1,164
Year-to-date 2001	501	184	145	0	0	0	0	830
<b>Halton Hills</b>								
Third Quarter 2002	88	0	0	0	0	0	0	88
Third Quarter 2001	98	0	5	0	0	0	0	103
Year-to-date 2002	239	56	8	0	0	0	0	303
Year-to-date 2001	298	18	39	0	0	0	0	355
<b>Region of Halton</b>								
Third Quarter 2002	847	128	362	141	56	0	0	1,534
Third Quarter 2001	469	156	152	6	151	0	0	934
Year-to-date 2002	2,387	450	754	343	211	0	0	4,145
Year-to-date 2001	1,647	296	428	153	495	0	0	3,019

Source: CMHC

**Table 2**  
**Activity Summary by Intended Market**  
**Hamilton Census Metropolitan Area**

Zone	OWNERSHIP					RENTAL		TOTAL
	Freehold			Condominium		Row	Apt	
	Detached	Semi	Row	Row	Apt			
<b>Starts</b>								
Third Quarter 2002	729	32	259	121	6	0	12	1,159
Third Quarter 2001	525	42	34	155	151	0	0	907
Year-to-date 2002	1,708	78	456	360	49	0	59	2,710
Year-to-date 2001	1,309	80	295	485	457	0	0	2,626
<b>Under Construction</b>								
Third Quarter 2002	874	60	409	239	208	0	12	1,802
Third Quarter 2001	727	58	151	368	445	0	0	1,749
<b>Completions</b>								
Third Quarter 2002	645	28	57	64	132	0	47	973
Third Quarter 2001	416	28	132	79	56	0	0	711
Year-to-date 2002	1,504	104	219	395	281	0	47	2,550
Year-to-date 2001	1,276	70	334	393	269	0	15	2,357
<b>Unoccupied</b>								
Third Quarter 2002	286	28	44	90	46	0	0	494
Third Quarter 2001	191	25	83	71	117	0	0	487
<b>Total Supply</b>								
Third Quarter 2002	1,521	98	693	536	254	0	53	3,155
Third Quarter 2001	1,187	151	370	523	562	0	0	2,793
<b>Absorptions</b>								
Third Quarter 2002	566	35	141	123	189	0	47	1,101
Third Quarter 2001	403	22	85	110	91	0	5	716
Year-to-date 2002	1,501	96	265	420	367	0	47	2,696
Year-to-date 2001	1,242	81	317	439	419	0	15	2,513

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		
<b>Under Construction</b>	<b>Third Quarter 2002</b>							<b>Third Quarter 2001</b>						
Ancaster Town	91	2	32	89	0	0	0	117	4	0	57	0	0	0
Burlington City	289	54	269	120	190	0	0	164	38	71	46	391	0	0
Dundas Town	27	0	8	0	0	0	0	18	0	0	0	0	0	0
Flamborough Town	64	0	0	0	0	0	0	52	10	0	8	0	0	0
Glanbrook Twp.	58	2	10	12	0	0	0	87	0	0	57	0	0	0
Grimsby Town	30	0	12	12	0	0	0	37	0	27	0	0	0	0
Hamilton City	130	2	28	6	18	0	12	174	2	16	137	46	0	0
Stoney Creek City	185	0	50	0	0	0	0	78	4	37	63	8	0	0
Hamilton (new city)	555	6	128	107	18	0	12	526	20	53	322	54	0	0
Total CMA	874	60	409	239	208	0	12	727	58	151	368	445	0	0
Halton Hills	101	2	8	0	0	0	0	147	6	16	0	40	0	0
Milton	326	146	147	0	0	0	0	177	96	113	0	0	0	0
Oakville	646	66	144	90	168	0	0	239	34	56	0	92	0	0
Halton Region	1,362	268	568	210	358	0	0	727	174	256	46	523	0	0
<b>Completions</b>	<b>Third Quarter 2002</b>							<b>Third Quarter 2001</b>						
Ancaster Town	108	0	0	0	0	0	0	72	2	6	5	0	0	0
Burlington City	162	16	22	22	132	0	0	127	8	107	57	56	0	0
Dundas Town	5	0	0	0	0	0	0	9	0	0	0	0	0	0
Flamborough Town	33	10	0	0	0	0	0	22	12	0	8	0	0	0
Glanbrook Twp.	31	2	8	24	0	0	0	19	0	0	6	0	0	0
Grimsby Town	22	0	0	0	0	0	0	29	0	11	0	0	0	0
Hamilton City	170	0	0	18	0	0	0	101	4	0	0	0	0	0
Stoney Creek City	114	0	27	0	0	0	47	37	2	8	3	0	0	0
Hamilton (new city)	461	12	35	42	0	0	47	260	20	14	22	0	0	0
Total CMA	645	28	57	64	132	0	47	416	28	132	79	56	0	0
Halton Hills	52	2	0	0	0	0	0	293	6	134	0	0	0	0
Milton	294	98	159	0	0	0	0	233	56	32	0	0	0	0
Oakville	316	28	92	89	0	0	0	322	30	97	70	42	0	0
Halton Region	824	144	273	111	132	0	0	975	100	370	127	98	0	0

Source: CMHC

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**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		
<b>Unoccupied</b>	<b>Third Quarter 2002</b>							<b>Third Quarter 2001</b>						
Ancaster Town	82	2	6	4	3	0	0	54	4	2	0	6	0	0
Burlington City	19	12	24	35	40	0	0	24	9	70	42	111	0	0
Dundas Town	0	0	0	0	0	0	0	2	0	0	0	0	0	0
Flamborough Town	4	7	0	16	0	0	0	12	1	0	8	0	0	0
Glanbrook Twp.	27	3	1	20	0	0	0	17	2	0	2	0	0	0
Grimsby Town	5	0	3	1	0	0	0	7	0	6	2	0	0	0
Hamilton City	142	4	2	14	3	0	0	68	6	0	13	0	0	0
Stoney Creek City	7	0	8	0	0	0	0	7	3	5	4	0	0	0
Hamilton (new city)	262	16	17	54	6	0	0	160	16	7	27	6	0	0
Total CMA	286	28	44	90	46	0	0	191	25	83	71	117	0	0
Halton Hills	12	2	0	0	0	0	0	47	0	7	0	0	0	0
Milton	52	41	3	0	0	0	0	21	6	5	0	0	0	14
Oakville	17	12	26	44	1	0	0	45	19	76	33	42	0	0
Halton Region	100	67	53	79	41	0	0	137	34	158	75	153	0	14
<b>Absorptions</b>	<b>Third Quarter 2002</b>							<b>Third Quarter 2001</b>						
Ancaster Town	90	0	0	0	0	0	0	63	4	11	7	32	0	0
Burlington City	158	25	108	74	162	0	0	129	4	49	70	59	0	0
Dundas Town	9	0	0	0	0	0	0	11	0	0	0	0	0	5
Flamborough Town	38	7	0	0	0	0	0	21	11	0	0	0	0	0
Glanbrook Twp.	28	1	7	24	0	0	0	8	0	0	17	0	0	0
Grimsby Town	23	0	0	0	0	0	0	35	1	12	1	0	0	0
Hamilton City	103	0	2	25	27	0	0	91	1	5	15	0	0	0
Stoney Creek City	117	2	24	0	0	0	47	45	1	8	0	0	0	0
Hamilton (new city)	385	10	33	49	27	0	47	239	17	24	39	32	0	5
Total CMA	566	35	141	123	189	0	47	403	22	85	110	91	0	5
Halton Hills	49	2	0	0	0	0	0	253	7	130	0	0	0	0
Milton	264	73	202	0	0	0	0	239	54	31	0	0	0	0
Oakville	330	27	209	96	1	0	0	296	13	28	37	0	0	0
Halton Region	801	127	519	170	163	0	0	917	78	238	107	59	0	0

Source: CMHC

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**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		\$350,000+	
			Units	Share	Units	Share	Units	Share	Units	Share	Units	Share	Units	Share
<b>Burlington</b>														
2002 to September	\$325,049	429	0	0.0%	5	1.2%	5	1.2%	149	34.7%	119	27.7%	151	35.2%
2001 to September	\$291,459	442	0	0.0%	13	2.9%	16	3.6%	201	45.5%	166	37.6%	46	10.4%
<b>Hamilton</b>														
2002 to September	\$234,291	1,048	5	0.5%	101	9.6%	700	66.8%	167	15.9%	34	3.2%	41	3.9%
2001 to September	\$232,324	709	4	0.6%	200	28.2%	353	49.8%	74	10.4%	32	4.5%	46	6.5%
<b>Grimsby</b>														
2002 to September	\$267,082	50	0	0.0%	13	26.0%	18	36.0%	6	12.0%	10	20.0%	3	6.0%
2001 to September	\$228,724	91	0	0.0%	36	39.6%	25	27.5%	21	23.1%	7	7.7%	2	2.2%
<b>Hamilton CMA</b>														
2002 to September	\$260,863	1,527	5	0.3%	119	7.8%	723	47.3%	322	21.1%	163	10.7%	195	12.8%
2001 to September	\$253,105	1,242	4	0.3%	249	20.0%	394	31.7%	296	23.8%	205	16.5%	94	7.6%
<b>Oakville</b>														
2002 to September	\$366,511	651	2	0.3%	1	0.2%	29	4.5%	230	35.3%	218	33.5%	171	26.3%
2001 to September	\$278,627	752	1	0.1%	101	13.4%	290	38.6%	240	31.9%	41	5.5%	79	10.5%
<b>Milton</b>														
2002 to September	\$279,358	558	0	0.0%	16	2.9%	110	19.7%	281	50.4%	117	21.0%	34	6.1%
2001 to September	\$234,559	313	0	0.0%	7	2.2%	194	62.0%	102	32.6%	4	1.3%	6	1.9%
<b>Halton Hills</b>														
2002 to September	\$249,188	222	5	2.3%	23	10.4%	123	55.4%	49	22.1%	10	4.5%	12	5.4%
2001 to September	\$257,351	440	0	0.0%	38	8.6%	167	38.0%	183	41.6%	44	10.0%	8	1.8%
<b>Halton Region</b>														
2002 to September	\$316,799	1,860	7	0.4%	45	2.4%	267	14.4%	709	38.1%	464	24.9%	368	19.8%
2001 to September	\$269,648	1,947	1	0.1%	159	8.2%	667	34.3%	726	37.3%	255	13.1%	139	7.1%

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

## RENTAL MARKET SURVEY 2002

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

	Unit Sales			Average Price		
	2002 July to Sept.	2001 July to Sept.	percent change	2002 July to Sept.	2001 July to Sept.	percent change
Hamilton City	1,197	1,191	0.5%	\$135,384	\$126,812	6.8%
Burlington	762	723	5.4%	\$241,256	\$223,484	8.0%
Stoney Creek	224	181	23.8%	\$181,940	\$175,632	3.6%
Ancaster	130	96	35.4%	\$270,006	\$246,933	9.3%
Dundas	91	103	-11.7%	\$207,078	\$179,757	15.2%
Flamborough**	149	179	-16.8%	\$278,704	\$243,798	14.3%
Grimsby	92	80	15.0%	\$211,621	\$180,836	17.0%
Hamilton-Burlington R.E.B.	3,037	2,928	3.7%	\$187,574	\$172,917	8.5%

Source: Hamilton-Burlington and District Real Estate Board

\*\* includes Waterdown

Oakville	568	606	-6.3%	\$373,519	\$301,644	23.8%
Milton	63	82	-23.2%	\$216,530	\$194,985	11.0%
Burlington	95	79	20.3%	\$277,596	\$245,928	12.9%
Oakville-Milton R.E.B.	851	874	-2.6%	\$346,337	\$313,330	10.5%

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:  
FALL 2002

### New Home Market

#### Starts are on the rise

New home construction has been building momentum all year in the Hamilton CMA. While single detached housing starts have been trending higher all year, a recent surge in town home construction has vaulted housing starts well ahead of last year's pace. With the local economy on the mend, those newly employed will add to the growing ranks of potential new home buyers.

Given the return of local job creation, all of the key ingredients for strong new home demand are falling into place. First, recent statistics show that migration into the Hamilton CMA is on the rise.

Second, mortgage rates remain near historic lows which are keeping carrying costs low. Third, the tight resale market is only releasing a trickle of new listings onto the market, thereby creating opportunity for the new home market to provide frustrated potential buyers with their dream homes. However, a recent stumbling in consumer confidence and rising mortgage rates in 2003 will put a damper on the burgeoning new home demand.

For 2003 rising house prices and mortgage rates will push carrying costs higher. While single detached homes will be the choice for the majority of new home buyers, less expensive multiples will increase in

popularity. Thus, single detached starts are forecast to slip 1.1% to 2,300 units in 2003 compared to an estimated 2,325 units this year. Look for more condominium apartment starts next year thereby boosting multiples housing starts. Multiples are expected to rise 10% to 1,650

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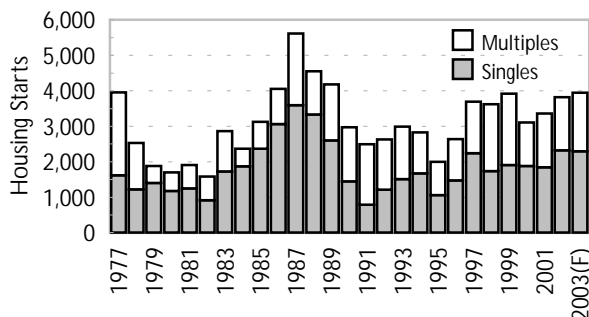
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starts (150 semis, 1,050 town homes, and 450 apartments). Thus, total housing starts are forecast to increase 3.3% to 3,950 units in 2003 from an estimated 3,825 starts in 2002.

*continued on page 2*

**Hamilton CMA  
Starts Are on the Rise**



Source: CMHC

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HOME TO CANADIANS  
Canada

Inventory of new multifamily homes on the market has witnessed significant declines over the past two years. The number of completed but not absorbed (unoccupied) multiples fell to 208 units in September, which is significantly lower than levels seen in the previous two years (448 and 296 in September 2000 and 2001 respectively). As inventories fall,

additional demand for new multifamily homes will be met by increased activity in multiple housing starts rather than standing inventories. The number of unoccupied singles rose to 286 units this September compared to 191 units in September last year.

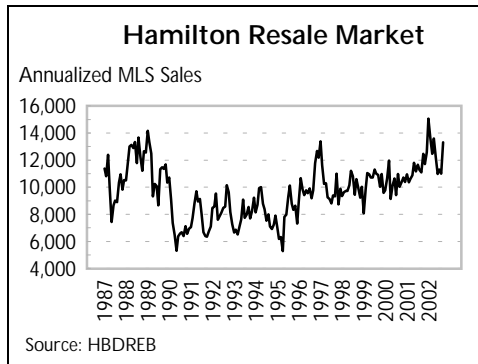
With rising material costs and labour price pressures, new home prices

are on their way up. Look for the average price of a new single detached to rise 4.2 percent to \$275,000 next year compared to an estimated \$264,000 this year. Price increases in Burlington will outpace the rest of the CMA as more rapid growth in Toronto home prices influence the Burlington housing market more strongly.

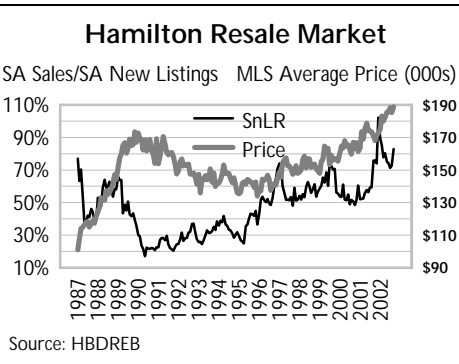
## Resale Market

### Resales approach record

With MLS sales reaching heights last seen during the boom of the late 1980's, the Hamilton-Burlington and District Real Estate Board (HBDREB) is poised to approach the sales record set back in 1988 (12,439 sales). The key ingredients in this year's resale market have been low mortgage rates, strong consumer confidence and a local economy that is on the mend. While housing



demand has been strong all year, the number of new listings has not kept pace. At an estimated 12,300 MLS

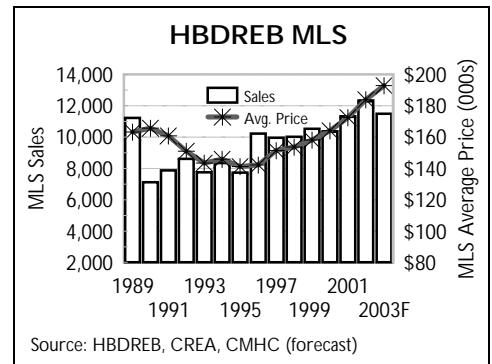


sales, this year will nearly match the 1988 record. For 2003, sales are forecast to ease slightly from 2002's near record pace and will come in at 11,500 MLS sales as rising carrying costs cool the hot resale market.

Resale supply, however, is quite different than during the 80's boom. There will only be an estimated 16,000 new listings this year compared to over 22,000 new listings in 1988. Thus, the lack of new listings has kept a lid on the sales totals and placed the market in favour of the seller. For 2003, new listings will increase marginally (17,000) as repeat buyer put their existing homes up for sale. Thus, the

balance of the market is expected to remain in sellers' territory at 67.6 percent for 2003, down from an estimated 76.9 percent this year.

The average time a new listing spent on the market declined to a low of 39 days in May, its lowest level in 15 years, and well above the 55 day average recorded in 2001. As of September, the average number of days increased to 48. With the resale market being clearly in favour of the seller, price increases have easily outpaced inflation. The average MLS price will rise 6.6% to \$184,000 in 2002, then increase an additional 4.9 percent to \$193,000 in 2003.

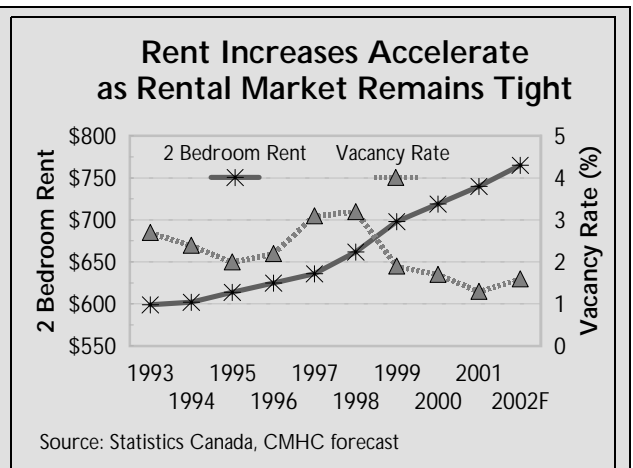


## Rental Market

### Apartment vacancy rate inches higher in 2002

Look for the rental apartment market to ease marginally in 2002 to a vacancy rate of 1.6 percent as tenants have entered the home ownership market in increasing numbers. With the rental market remaining tight, average rent increases are expected to outpace inflation. The average rent on a 2 bedroom apartment is forecast to have risen 3.4 percent to \$765 in 2002 (final data available November 26, 2002).

To order the Hamilton Rental Market FastFax (November 26) or Report (December 30), please call 1-800-493-0059.

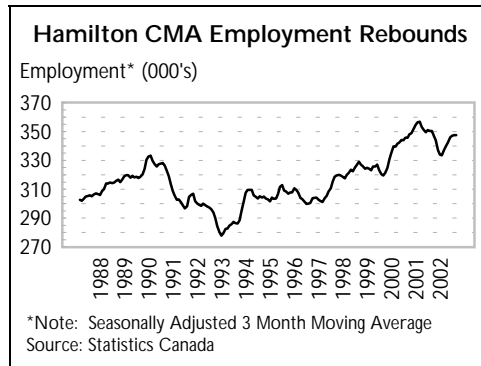


# Economic Overview

## Employment is on the mend

In February 2002, the Hamilton CMA had lost 21,900 jobs compared to 12 months earlier. Since bottoming out in February, employment has been on the mend posting 7 consecutive months of growth. However, the current employment level is still below the peak recorded in early 2001 (see graph).

The key manufacturing sector stopped the job letting in May and has been on the mend ever since. By the end of the third quarter, there were still 5,600 year over year manufacturing job losses. At the same time, the service sector expanded by 9,100 jobs while a recent drop saw trade lose 7,200 jobs. While employment growth in



the service sector is good news, job losses in manufacturing weigh more heavily on the local economy as manufacturing jobs tend to tend to

generate greater levels of economic activity.

Employment for those aged 25 to 44 bore the brunt of the job losses during the recent downturn in the local economy. Year over year employment levels for those in their prime home buying years (25 to 44) were down by over 23,000 jobs for four consecutive months (February to May, 2002). This protracted level of job shedding had a negative impact on housing demand during the start of the year as housing starts were down by nearly 10 percent during the first half of the year. Sharp gains in the 25 to 44 employment level were witnessed in June and July, erasing much of the prior losses. Such a sharp rebound added a significant amount of fuel to the hot housing market.

Even with strong overall job growth since March, the annual average employment level is forecast to decline 0.5 percent this year before increasing 3.2 percent in 2003. Expanding employment from March onward of this year translates into thousands of additional, potential home buyers in 2003.

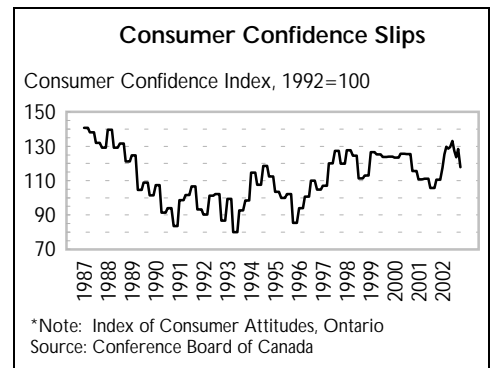
## Mortgage rates to edge up

Slower economic growth at home and south of the border will help keep mortgage rates low over the next several months. However, concerns over accelerating pace of economic growth and inflation will push up bond yields and mortgage

rates by the second half of 2003. Mortgage rates will continue to remain low by historical standards. The one-year closed mortgage rate is forecast to be in the 4.50-7.00 per cent range over the next fourteen months. The three-year and five-year term mortgage rates will be in the 5.50-8.00 and 6.50-8.50 percent ranges, respectively for the rest of this year and next.

## Consumer confidence slips

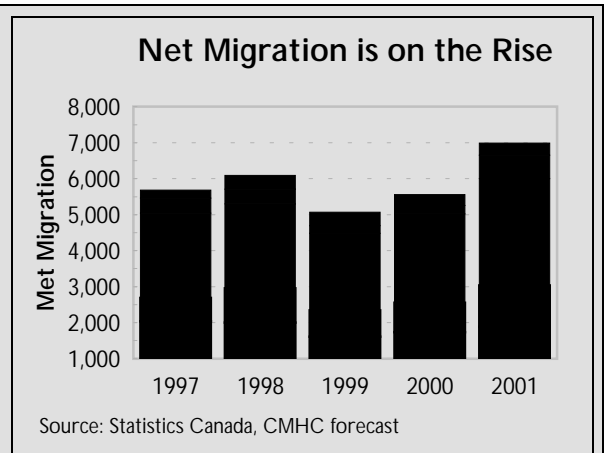
Ontario consumer confidence, as measured by the Conference Board of Canada's Index of Consumer Attitudes, peaked in July and represented a 13 year high. Since



July, consumer confidence has been slipping, especially that portion of the index where respondents indicate if now is a good time to buy (from 70.1 in June to 50.1 in October). With housing representing the largest ticket item most consumers will ever buy, slipping consumer confidence will have a negative impact on the health of the current hot housing market.

# Migration

Current tax filer data (2000/2001) revealed that net migration into the Hamilton CMA shot up to just under 7,000 people. There were approximately 26,000 newcomers into the Hamilton CMA and roughly 19,000 people who moved away. With about 2.6 people per household, this translates into 10,000 new households in and 7,300 out. The large turnover of household generates hundreds of millions of dollars in Real Estate activity. With the local economy on the mend and the price of housing in the Toronto area rising more rapidly than in Hamilton, net migration levels are expected to remain high in the future as both job and home seekers move to Hamilton.



# FORECAST SUMMARY

## HAMILTON CENSUS METROPOLITAN AREA

Forecast completed November 8, 2002

<b>NEW HOME MARKET</b>	2000	2001	2002F	% Change	2003F	% Change
<b>Complete and Unoccupied (September)</b>						
Single-detached	142	191	286	49.7%		
Multi-family (semi, row, apt.)	448	296	208	-29.7%		
<b>Starts</b>						
Single-detached	1,884	1,842	2,325	26.2%	2,300	-1.1%
Multi-family	1,224	1,523	1,500	-1.5%	1,650	10.0%
Total	3,108	3,365	3,825	13.7%	3,950	3.3%
<b>Average New House Price</b>						
Single-detached	\$238,368	\$253,334	\$264,000	4.2%	\$275,000	4.2%

### RESALE MARKET

<b>Hamilton-Burlington and District</b>						
<b>REB</b>						
MLS <sup>1</sup> Sales	10,347	11,334	12,300	8.5%	11,500	-6.5%
MLS New Listings	19,496	18,585	16,000	-13.9%	17,000	6.3%
Sales-to-Listings Ratio	53.1%	61.0%	76.9%		67.6%	
MLS Average Price	\$164,168	\$172,567	\$184,000	6.6%	\$193,000	4.9%

### RENTAL MARKET

Apartment Vacancy Rate	1.7%	1.3%	1.6%			
Average Rent (2 bedroom)	\$719	\$740	\$765	3.4%		

### ECONOMIC OVERVIEW

Mortgage Rate (1 year term)	7.85	6.14	5.08		4.50 - 7.00	
Mortgage Rate (5 year term)	8.35	7.41	6.87		6.50 - 8.50	
Employed (000's)	345.3	348.4	346.5	-0.5%	357.7	3.2%
Employment Growth (000's)	20.3	3.1	-1.9		11.2	
Net Migration (tax filer data)	5,560	6,990	6,500	-7.0%	6,700	3.1%

Sources: CREA, Hamilton-Burlington and District Real Estate Board, Statistics Canada, and Conference Board of Canada  
<sup>1</sup> 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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