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# HOUSING NOW

Kingston / Eastern Ontario

## YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

### Highest starts total in nine years

*Kingston ends 2001 with strong performance*

FOURTH QUARTER 2001

A strong fourth quarter has propelled new home construction to its highest level in nine years in the Kingston CMA (Census Metropolitan Area). There were 164 new homes started between October and December, a 10.8 per cent leap from last year's fourth quarter activity.

Kingston finishes the year with 707 housing starts, 7.3 per cent more than in 2000, surpassing the provincial growth rate of 4 per cent. The last time there had been more dwellings

built in Kingston was 1992, when 761 starts had been recorded.

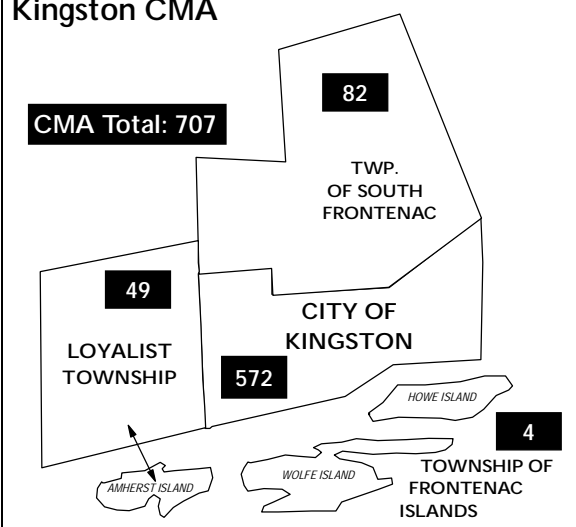
The strong new housing market in Kingston can be attributed to three key factors. First, stable economic conditions in Kingston, which translate into a stable employment market. Second, historically low mortgage rates, which are prompting an increased number of people into purchasing a home. And third, a tightening resale market (*see related article, page 6*), which is allowing the new homes market to respond to a larger share of the demand.

The market share held by single detached homes has remained unchanged from last year: roughly three out of every four new dwellings.

Multiple units in 2001 included 131 rental apartments, which will supplement the city's rental stock at a time when the vacancy rate has dropped to 1.4 per cent.

*Continued next page*

#### 2001 Total Housing Starts Kingston CMA



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HOME TO CANADIANS

Canada

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Excluding apartments, however, the focus has shifted decisively toward single family homes. Semi-detached and row dwellings comprised 12 per cent of all freehold housing starts last year; this year their share has shrunk to 7 per cent.

Since 1996 there have been 378 rental and 81 condo apartment units started in the Kingston CMA, indicating that the apartment product over the past half decade has amounted to about 13 per cent of all residential construction.

While most of the construction activity again took place in the City of Kingston, suburban trends were reversed. Loyalist Township saw an increase in housing starts in 2001, to 49 from 32 in 2000, while South Frontenac starts fell to 82 from 99. Frontenac Islands remains a marginal market with under 10 starts per year.

Kingston-area builders are still operating with tight inventories. As of the end of 2001, the new homes market had 1.5 month's worth of

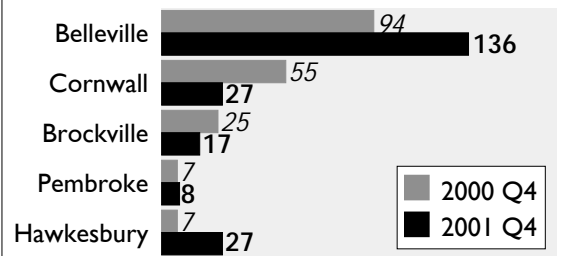
supply, down from 1.9 month the previous year. The average rate of absorption has accelerated by as much as 17 per cent for single detached homes.

As further signs of a healthy housing market, the number of pending starts and units under construction in Kingston are significantly higher year-over-year.

Prices of new homes are steadily progressing. The average new single family home sells this year for \$167,046, a 1.7 per cent rise over the past twelve months. The year before, prices had only increased by 0.7 per cent.

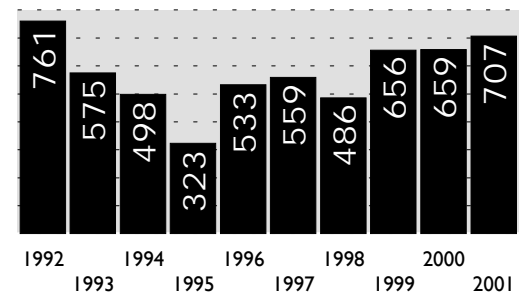
Across Eastern Ontario, Belleville saw a head-turning 44.7 per cent increase in activity this past fourth quarter with 136 units, just 28 homes shy of what was built in Kingston over the same three months. This allows Belleville to finish the year

### Fourth quarter housing starts Eastern Ontario centres



Source: CMHC

### Kingston CMA Annual housing starts, 1992-2001



Source: CMHC

with a robust 284 housing starts, the second-best year since 1993 (there were 305 starts in 1999).

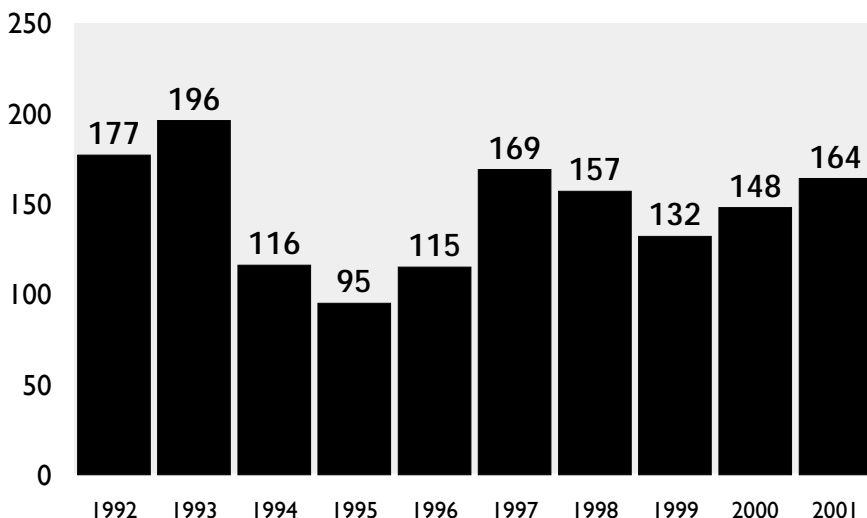
With 148 starts, Cornwall had its best year in five years, even though the fourth quarter saw a slowdown in activity.

Brockville finished the year with 76 housing starts, returning to the more moderate levels of construction seen during the mid-1990's. Competition from the resale market and condominium conversions have made this market more competitive.

Hawkesbury was again vaulted to a spectacular finish with 83 starts for the year, almost two-thirds of which were rental units.

And Pembroke languished at 25 starts for the year, down from the 29 recorded in 2000. ❖

### Fourth quarter housing starts Kingston CMA, 1992-2001



Source: CMHC

**TABLE 1: STARTS BY MUNICIPALITY**

MUNICIPALITY	OWNERSHIP					RENTAL PRIVATE		GRAND TOTAL
	SINGLE	FREEHOLD SEMI	ROW	CONDOMINIUM ROW	APT	ROW	APT	
<b>KINGSTON CMA</b>								
Fourth Quarter 2001	157	4	0	0	0	0	3	164
Fourth Quarter 2000	129	4	7	0	0	0	8	148
% Change	+21.7	0	-100.0	-	-	-	-62.5	+10.8
Year-To-Date 2001	537	16	26	0	0	0	128	707
Year-To-Date 2000	500	31	39	0	81	0	8	659
<b>City of Kingston</b>								
Fourth Quarter 2001	123	4	0	0	0	0	3	130
Fourth Quarter 2000	99	4	7	0	0	0	5	115
% Change	+24.2	0	-100.0	-	-	-	-40.0	+13.0
Year-To-Date 2001	406	16	22	0	0	0	128	572
Year-To-Date 2000	371	31	35	0	81	0	5	523
<b>Township of South Frontenac</b>								
Fourth Quarter 2001	19	0	0	0	0	0	0	19
Fourth Quarter 2000	28	0	0	0	0	0	3	31
% Change	-32.1	-	-	-	-	-	-100.0	-38.7
Year-To-Date 2001	82	0	0	0	0	0	0	82
Year-To-Date 2000	96	0	0	0	0	0	3	99
<b>Loyalist Township</b>								
Fourth Quarter 2001	15	0	0	0	0	0	0	15
Fourth Quarter 2000	2	0	0	0	0	0	0	2
% Change	+6500.0	-	-	-	-	-	-	+6500.0
Year-To-Date 2001	45	0	4	0	0	0	0	49
Year-To-Date 2000	28	0	4	0	0	0	0	32
<b>Township of Frontenac Islands</b>								
Fourth Quarter 2001	0	0	0	0	0	0	0	0
Fourth Quarter 2000	0	0	0	0	0	0	0	0
% Change	-	-	-	-	-	-	-	-
Year-To-Date 2001	4	0	0	0	0	0	0	4
Year-To-Date 2000	5	0	0	0	0	0	0	5
<b>BELLEVILLE CA</b>								
Fourth Quarter 2001	96	0	0	32	0	8	0	136
Fourth Quarter 2000	65	6	0	23	0	0	0	94
% Change	+47.7	-100.0	-	+39.1	-	+100.0	-	+44.7
Year-To-Date 2001	243	10	0	27	0	4	0	284
Year-To-Date 2000	234	10	0	29	0	0	0	273

**TABLE 1: STARTS BY MUNICIPALITY**

MUNICIPALITY	OWNERSHIP					RENTAL		GRAND TOTAL
	SINGLE	FREEHOLD		CONDOMINIUM		PRIVATE		
		SEMI	ROW	ROW	APT	ROW	APT	
<b>CORNWALL CA</b>								
Fourth Quarter 2001	27	0	0	0	0	0	0	27
Fourth Quarter 2000	53	2	0	0	0	0	0	55
% Change	-49.1	-100.0	-	-	-	-	-	-50.9
Year-To-Date 2001	130	2	0	0	16	0	0	148
Year-To-Date 2000	120	2	0	0	0	0	0	122
<b>BROCKVILLE CA</b>								
Fourth Quarter 2001	15	2	0	0	0	0	0	17
Fourth Quarter 2000	23	2	0	0	0	0	0	25
% Change	-34.8	0	-	-	-	-	-	-32.0
Year-To-Date 2001	64	2	5	0	0	0	5	76
Year-To-Date 2000	109	8	6	0	0	0	0	123
<b>PEMBROKE CA</b>								
Fourth Quarter 2001	8	0	0	0	0	0	0	8
Fourth Quarter 2000	7	0	0	0	0	0	0	7
% Change	+14.3	-	-	-	-	-	-	+14.3
Year-To-Date 2001	21	4	0	0	0	0	0	25
Year-To-Date 2000	27	2	0	0	0	0	0	29
<b>HAWKESBURY CA</b>								
Fourth Quarter 2001	3	0	0	0	0	0	24	27
Fourth Quarter 2000	3	0	0	0	0	0	4	7
% Change	0	-	-	-	-	-	+500.0	+285.7
Year-To-Date 2001	13	10	0	0	8	0	52	83
Year-To-Date 2000	11	6	0	0	0	0	16	33

**WHAT'S INCLUDED WITHIN CA BORDERS?**

The following municipalities are included in the Census Agglomerations covered by this report:

**Kingston CMA:** City of Kingston, Township of South Frontenac, Loyalist Township, Township of Frontenac Islands

**Belleville CA:** City of Belleville, City of Quinte West

**Cornwall CA:** City of Cornwall, Township of South Glengarry, Township of South Stormont

**Brockville CA:** City of Brockville, Township of Elizabethtown, Township of Augusta, Township of Front of Yonge, Township of Rear of Yonge and Escott, Village of Athens

**Pembroke CA:** City of Pembroke, Township of Stafford and Pembroke, Township of Alice and Fraser

**Hawkesbury CA:** Town of Hawkesbury

Housing starts for other Eastern Ontario municipalities which are not part of the above C.A.'s may also be available and can be obtained through a custom order. Please call 1-800-493-0059 for details.

**TABLE 2: SUMMARY OF RESIDENTIAL CONSTRUCTION  
FOURTH QUARTER, KINGSTON CMA**

	OWNERSHIP					RENTAL		GRAND TOTAL
	SINGLE	FREEHOLD SEMI	ROW	CONDOMINIUM ROW	APT	PRIVATE ROW	APT	
<b>Pending Starts</b>								
Fourth Quarter 2001	32	2	3	0	0	0	39	76
Fourth Quarter 2000	12	2	0	0	0	0	0	14
<b>Starts</b>								
Fourth Quarter 2001	157	4	0	0	0	0	3	164
Fourth Quarter 2000	129	4	7	0	0	0	8	148
% Change	+21.7	0	-100.0	-	-	-	-62.5	+10.8
Fourth Quarter 1999	98	14	20	0	0	0	0	132
<b>Under Construction*</b>								
Fourth Quarter 2001	190	4	0	0	0	0	128	322
Fourth Quarter 2000	165	6	10	0	81	0	8	270
% Change	+15.2	-33.3	-100.0	-	-100.0	-	+1500.0	+19.3
Fourth Quarter 1999	121	22	23	0	0	0	100	266
<b>Completions</b>								
Fourth Quarter 2001	175	0	22	0	0	0	0	197
Fourth Quarter 2000	158	10	15	0	0	0	0	183
% Change	+10.8	-100.0	+46.7	-	-	-	-	+7.7
Fourth Quarter 1999	136	14	0	0	0	0	0	150
<b>Completed and Unabsorbed*</b>								
Fourth Quarter 2001	14	2	2	0	12	0	0	30
Fourth Quarter 2000	20	22	12	0	0	0	0	54
% Change	-30.0	-90.9	-83.3	-	+100.0	-	-	-44.4
Fourth Quarter 1999	22	23	4	0	0	0	0	49
<b>Total Supply</b>								
2001	204	6	2	0	12	0	128	352
2000	185	28	22	0	81	0	8	324
<b>Absorptions</b>								
Fourth Quarter 2001	177	3	22	0	34	0	0	236
Fourth Quarter 2000	151	5	11	0	0	0	0	167
% Change	+17.2	-40.0	+100.0	-	+100.0	-	-	+41.3
Fourth Quarter 1999	129	16	3	0	0	0	0	148

\* As at the end of the period shown.

Source: CMHC, Starts and Completions Survey

**TABLE 3: HOUSING SUPPLY AND DEMAND 4Q 2001, KINGSTON CMA**

	UNDER CONSTRUCTION	COMPLETED & UNABSORBED	TOTAL SUPPLY	MONTHLY ABSORPTION (4-QTR. AVG.)	DURATION OF SUPPLY (MONTHS)
<b>KINGSTON CMA</b>					
SINGLES	190	14	204	177	1.2
SEMIS	4	2	6	3	2.0
FREEHOLD ROW	0	2	2	22	0.1
CONDO ROW	0	0	0	0	-
CONDO APT	0	12	12	34	0.4
RENTAL ROW (PRIVATE)	0	0	0	0	-
RENTAL APT (PRIVATE)	128	0	128	0	-
<b>TOTAL</b>	<b>322</b>	<b>30</b>	<b>352</b>	<b>236</b>	<b>1.5</b>

Source: CMHC, Starts and Completions Survey

**TABLE 4: AVERAGE PRICES OF ABSORBED SINGLES KINGSTON CMA, 1998-2001**

	2001	2000	% Change	1999	1998
First Quarter	\$160,089	\$148,810	+7.6	\$152,597	\$140,000
Second Quarter	\$172,737	\$173,167	-0.2	\$165,163	\$148,375
Third Quarter	\$167,846	\$163,323	+2.3	\$164,886	\$157,009
Fourth Quarter	\$166,836	\$169,199	-1.4	\$165,000	\$164,125
<b>Yearly average</b>	<b>\$167,046</b>	<b>\$164,300</b>	<b>+1.7</b>	<b>\$163,223</b>	<b>\$155,882</b>

Source: CMHC

# Resale Market

*Historically tight resale market*

Kingston's resale market has never been this tight: in the fourth quarter of 2001, the sales to new listings ratio was an unprecedented 0.91, meaning that 91 of every 100 new listings were sold on a monthly basis during the last three months of the year.

The tightening of the market in Kingston follows a pattern observed in most other large resale markets across Ontario. In Kingston's case, not only has the supply contracted

over the past few years, sales have experienced very strong gains, especially in the last twelve months.

The record-high 3,274 MLS sales tallied in 2001 are a head-turning 15.4 per cent increase over the previous year. This surpasses the already-high provincial growth rate of 10.3 per cent in MLS sales.

New listings, on the other hand, have decreased by a moderate 5.7 per cent, and numbered just below 4,800 (the ten-year average is about 5,200). Ontario-wide new listings actually increased by 5.7 per cent in 2001.

This shows that the Kingston market is gaining momentum more on the strength of surging sales than from a weakening of listings, which is an indication of a very healthy level of demand.

The closing gap between supply and demand is exerting pressure on prices. For the year 2001, Kingston recorded an average MLS price of \$132,048 - the first ever occurrence of an annual average price above the \$130,000 bar. This is a 1.9 per cent gain over the previous year.

The Ontario-wide MLS average price advanced by 5.2 per cent in 2001, to \$193,356, mostly on the strength of the Toronto and Ottawa markets.

The sales to new listings ratio is usually a leading indicator when it comes to price. With this indicator so clearly pointing up, MLS prices can be expected to increase in 2002.

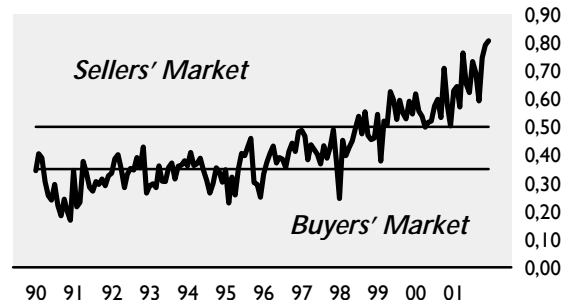
Stable employment and economic conditions and low mortgage rates are the primary factors explaining the state of the resale market. ❖

**TABLE 4: SUMMARY OF RESALE MARKET ACTIVITY**

CITY/AREA	SALES	NEW LISTINGS	SALES TO NEW LISTINGS RATIO	AVERAGE PRICE
<b>Kingston (Kingston and Area Real Estate Board)</b>				
Fourth Quarter 2001	668	738	0.91	\$131,405
Fourth Quarter 2000	552	778	0.71	\$129,240
% Change	+21.0	-5.1	+28.2	+1.7
Fourth Quarter 1999	497	784	0.63	\$121,438
<b>Belleville (Quinte and District Real Estate Board)</b>				
Fourth Quarter 2001	467	678	0.69	\$104,983
Fourth Quarter 2000	419	711	0.59	\$110,221
% Change	+11.5	-4.6	+16.7	-4.8
Fourth Quarter 1999	408	745	0.55	\$109,649
<b>Cornwall / Hawkesbury (Cornwall and District Real Estate Board)</b>				
Fourth Quarter 2001	238	429	0.55	\$100,543
Fourth Quarter 2000	229	428	0.54	\$95,391
% Change	+3.9	+0.2	+1.9	+5.4
Fourth Quarter 1999	244	388	0.63	\$90,705
<b>Brockville (Rideau-St. Lawrence Real Estate Board)</b>				
Fourth Quarter 2001	236	365	0.65	\$114,272
Fourth Quarter 2000	209	344	0.61	\$107,395
% Change	+12.9	+6.1	+6.6	+6.4
Fourth Quarter 1999	170	351	0.48	\$105,874
<b>Pembroke (Renfrew Real Estate Board)</b>				
Fourth Quarter 2001	235	322	0.73	\$99,460
Fourth Quarter 2000	218	364	0.60	\$92,105
% Change	+7.8	-11.5	+21.7	+8.0
Fourth Quarter 1999	200	358	0.56	\$91,012

Sources: CREA, CMHC

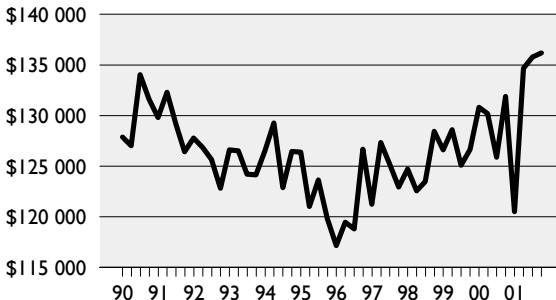
**Kingston - Monthly sales to new listings, Seasonally Adjusted (1990-2001)**



Source: CREA and CMHC

*The seasonally-adjusted sales-to-listings ratio in Kingston is at historically high levels, causing pressure on prices which are showing a strong upward trend. Kingston follows the pattern seen in most large Ontario resale markets.*

**Kingston - MLS Quarterly Average Price, Seasonally Adjusted**



Source: CREA and CMHC

TABLE 5: ECONOMIC OVERVIEW OF EASTERN ONTARIO

	2001:Q4	2001:Q3	2001:Q2
<b>Kingston Employment</b>			
Total Employment (000's)	186.9	192.6	190.2
Unemployment Rate (%)	6.6	7.6	7.4
<b>Eastern Ontario Employment</b>			
Total Employment (000's)	1,086.3	1,088.8	1,096.3
Unemployment Rate (%)	6.2	7.2	5.7
<b>Canadian Dollar</b>			
Exchange Rate	63.39	63.69	64.66
<b>Bank of Canada</b>			
Bank Rate	2.50	3.75	4.75
<b>Mortgage Rates (%)</b>			
1 Year	4.48	5.40	6.70
3 Year	5.67	6.70	7.30
5 Year	6.66	7.15	7.75

## 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.

NHA 2169

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