



# HOUSING NOW

London

## YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

ISSUE 17  
FOURTH QUARTER 2002

### New Homes

#### Banner year for new home starts and existing home sales

Single-detached housing starts in the London CMA (census metropolitan area) were up 29 per cent in the fourth quarter of 2002 with 416 units underway. Single starts had a banner year, up 50 per cent to 1,969 units.

To put 2002 in perspective, the annual average for 1997-2001 was 1,295 single-detached units and during the 1986-1989 housing boom 1,985 single units on average. The release of the 2001 Census resulted in the inclusion of Strathroy-Caradoc Tp and its 110 singles in 2002. The adjusted total of 1,859 single-detached starts in the pre-2002 London CMA would still register an impressive 41% increase.

In St. Thomas, the second largest market in the London CMA single-detached starts were up 39 per cent, from 174 units to 247 new homes. This is the highest annual total in almost 30 years.

Northeast London was the most active sub market with 304 singles started. West London (274), South London(237) and North London(227) all contributed to the 1,365 singles in London. Cluster single condos fell to less than 5% of total single starts. This was more than offset by the 55% rebound in starts on row home owner (condo+freehold+land lease) from 185 units in 2001 to 286 units in 2002. These units were targeted to professionals and empty nesters with row developments starting at

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##### New Homes

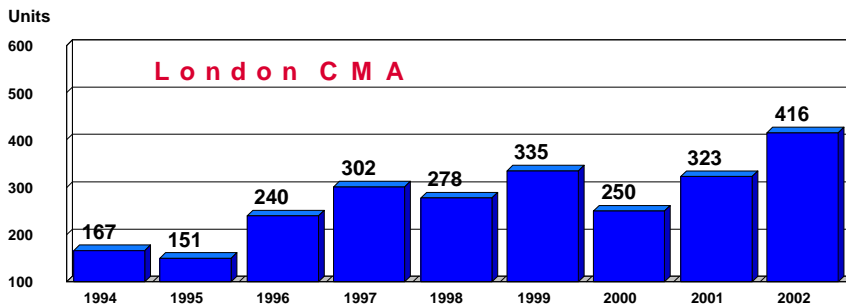
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\$160,000 and cluster single condos over \$200,000.

Total housing starts rose by almost 1,000 to 2,604 units, a 62 % increase. Starts on rental apartments increased six-fold from 56 units to 318 units.

Low mortgage rates and a strengthening employment market (Q4 up 7,500) supported the upswing in housing sales. This included back-to-back record-breaking sales of existing homes which smashed through the 8,000 unit sales level and pushed up the average MLS price by 4 per cent.

Solid 4th quarter for single-detached housing starts



Source: CMHC, 4th quarter single starts 1994-2002

Ken Sumnall

CMHC Market Analysis, London Office  
Direct Line: 519.873-2410 \* Fax: 519.438-5266  
ksumnall@cmhc.ca \* www.cmhc.ca



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# Rental Market Summary

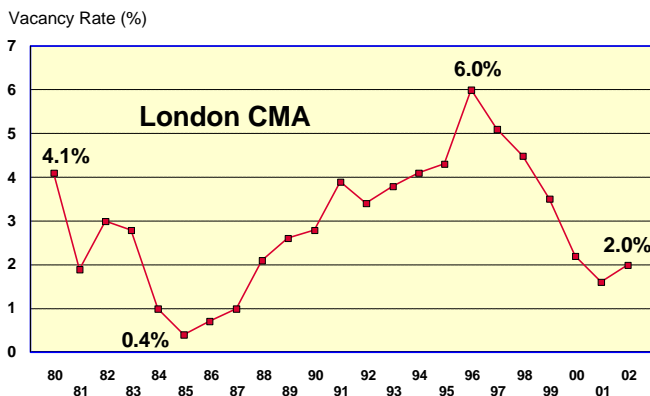
- The rental apartment vacancy rate in the London metropolitan area reversed a five year downward trend in October 2002, rising slightly to 2.0 per cent from 1.6 per cent in October 2001. In October 1996, the vacancy rate reached a record high 6.0 per cent.
- Higher vacancy levels were recorded in area urban centres, including Guelph, Kitchener and Windsor. In the three major markets which comprise the London CMA, the vacancy rate moved up in London from 1.5% to 1.9%; in St. Thomas from 3.3% to 3.4%; and, in Strathroy-Caradoc, now part of the CMA the rate decreased from 4.3% to 1.7%. Most of the rise in vacancies were found in 2 and 3 bedroom suites with fewer vacant one bedroom units.
- Low mortgage rates pulled many buyers, including first-time buyers (renters) into the home ownership market resulting in back-to-back years of record-breaking sales of existing homes and construction of new homes in 2002 at a level not seen since the boom of the late 1980's.

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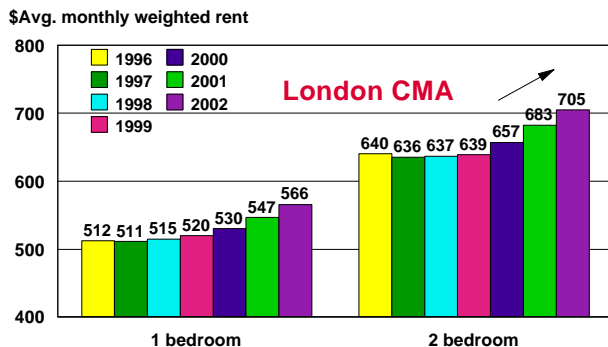
- Average rents for all bedroom types moved higher in 2002. The rent for a two bedroom unit increased 3.2% to \$705 on the heels of a 4.0% rise in 2001 to \$683. One bedroom average rents increased 3.5% to \$566 from \$547; Bachelor accommodation increased 1.6% to \$440 after rising 4.1% in 2001; and 3 bedroom + apartments the average rent hit \$900, up 5.6%.

### Apartment vacancies increase



1980-86: 6+ unit apts surveyed. 1987-2002: 3+ unit apts surveyed.  
Source: CMHC Market Analysis LONDON, Annual October Rental Market Survey

### Apartment rents on the rise since 1999



Source: CMHC's Annual October Rental Market Survey

### THE RENTAL MARKET INFORMATION YOU NEED AS FAST AS YOU WANT IT!

To succeed in today's market, you need the INFORMATION EDGE. CMHC is the source for expert analysis and comprehensive data on the rental market in your community.

Rental Market Survey FastFax was released on November 26, 2002. The London CMA (census metropolitan area) report includes rents and vacancy data for London's 8 sub-markets, St. Thomas and Strathroy. Only \$30+GST.

The much more detailed 12-page London CMA 2002 Rental Market Report with analysis and outlook is now available at \$40+GST.

Get the information you need to keep pace with the market. Order your copy now at 1-800-493-0059. Report is available in hard copy or electronic PDF format (includes colour graphs).



**Table 1: Starts by Area and by Intended Market  
London Census Metropolitan Area (CMA)**

	Ownership						Rental		Total	
	Single-detached units			Freehold		Condominium		Private		Apt.
	Freehold	Condo	All	Semi	Row	Semi	Row	Row	Apt.	
<b>LONDON CMA</b>										
Fourth Quarter 2002	391	25	416	2	16	0	56	0	78	568
Fourth Quarter 2001	303	20	323	2	3	0	31	11	48	418
Year-To-Date 2002	1,894	75	1,969	18	49	4	237	9	318	2,604
Year-To-Date 2001	1,221	96	1,317	14	15	4	170	31	56	1,607
<b>London City</b>										
Fourth Quarter 2002	264	20	284	0	16	0	41	0	78	419
Fourth Quarter 2001	210	20	230	0	3	0	27	11	48	319
Year-To-Date 2002	1,302	63	1,365	14	49	4	196	9	318	1,955
Year-To-Date 2001	852	96	948	8	15	4	158	31	56	1,220
<b>St. Thomas City</b>										
Fourth Quarter 2002	50	5	55	0	0	0	4	0	0	59
Fourth Quarter 2001	52	0	52	0	0	0	0	0	0	52
Year-To-Date 2002	230	12	242	0	0	0	9	0	0	251
Year-To-Date 2001	174	0	174	0	0	0	4	0	0	178
<b>Central Elgin</b>										
Fourth Quarter 2002	11	0	11	0	0	0	0	0	0	11
Fourth Quarter 2001	4	0	4	0	0	0	4	0	0	8
Year-To-Date 2002	53	0	53	0	0	0	5	0	0	58
Year-To-Date 2001	51	0	51	0	0	0	8	0	0	59
<b>Middlesex Centre</b>										
Fourth Quarter 2002	19	0	19	0	0	0	6	0	0	25
Fourth Quarter 2001	19	0	19	2	0	0	0	0	0	21
Year-To-Date 2002	97	0	97	0	0	0	22	0	0	119
Year-To-Date 2001	71	0	71	6	0	0	0	0	0	77
<b>Southwold Township</b>										
Fourth Quarter 2002	6	0	6	0	0	0	0	0	0	6
Fourth Quarter 2001	7	0	7	0	0	0	0	0	0	7
Year-To-Date 2002	23	0	23	0	0	0	0	0	0	23
Year-To-Date 2001	29	0	29	0	0	0	0	0	0	29
<b>Strathroy-Caradoc Township</b>										
Fourth Quarter 2002	25	0	25	2	0	0	5	0	0	32
Fourth Quarter 2001	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Year-To-Date 2002	110	0	110	4	0	0	5	0	0	119
Year-To-Date 2001	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
<b>Thames Centre</b>										
Fourth Quarter 2002	16	0	16	0	0	0	0	0	0	16
Fourth Quarter 2001	11	0	11	0	0	0	0	0	0	11
Year-To-Date 2002	79	0	79	0	0	0	0	0	0	79
Year-To-Date 2001	44	0	44	0	0	0	0	0	0	44

Source: CMHC

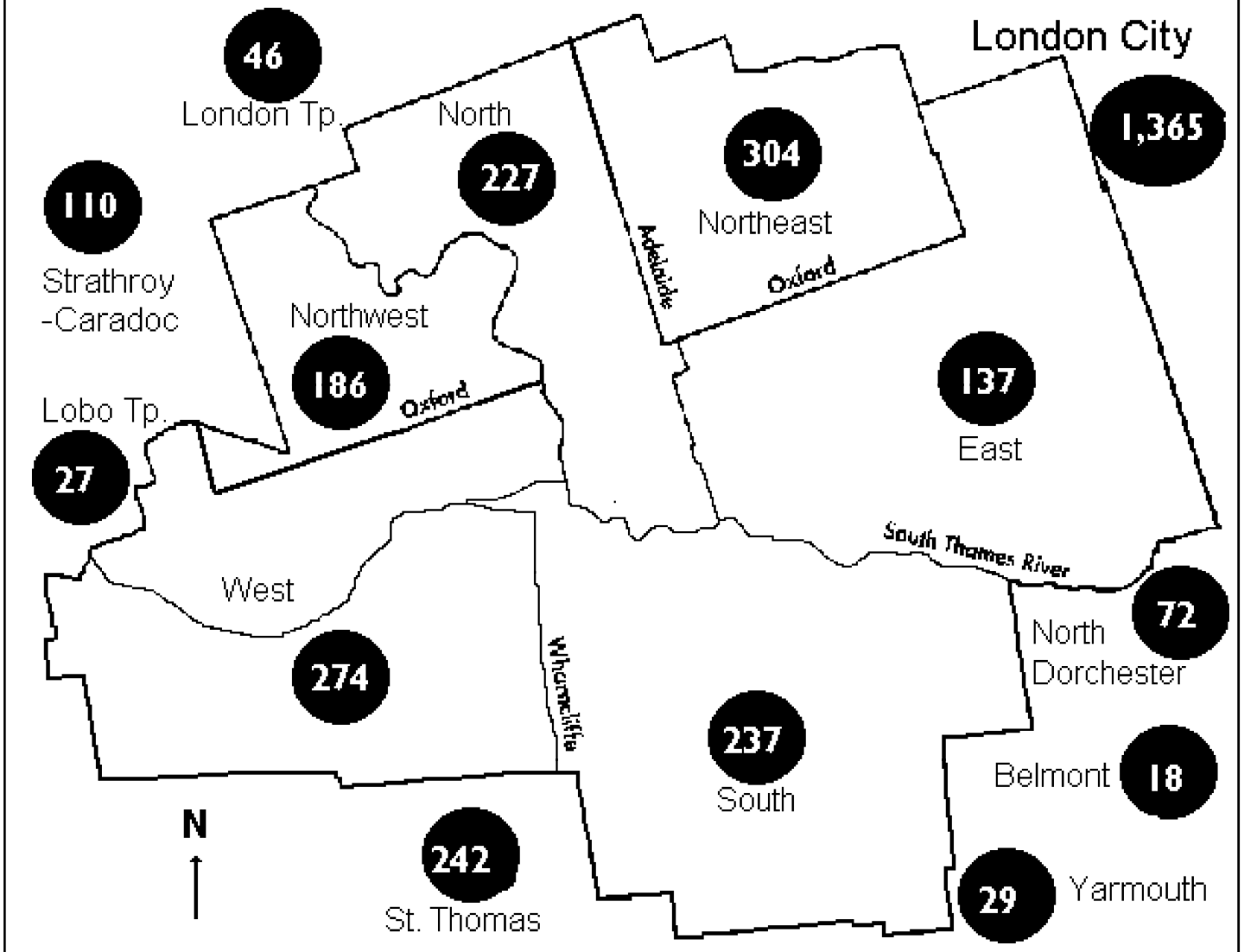
Note: Municipal amalgamations have resulted in the creation of the Municipality of Central Elgin which includes Belmont, Port Stanley and Yarmouth Township; the Municipality of Thames Centre which includes the Townships of North Dorchester and West Nissouri; and, the Township of Middlesex Centre which includes the Townships of Delaware, Lobo, and London.

The amalgamated Strathroy-Caradoc Township was first included as a component of the London Census Metropolitan Area, starting in January 2002. The boundary change was made based on the results of the 2001 Census of Canada. As such, 2002 new housing figures are not directly comparable with 2001 figures.

n.s. = no survey results.

# WHERE'S THE HAMMERING BY SUB-MARKET

1,969 single-detached units were started in the London CMA in 2002 a 50% increase



Sub-markets not shown on the map accounted for 60 of the 1,969 single-detached units that were started in the London CMA (census metropolitan area) during 2002. The 60 singles included 24 houses in Delaware Tp., 23 units in Southwold Tp., 6 units in Port Stanley, and 7 units in West Nissouri Tp.



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**Table 2: Housing Activity Summary  
London Census Metropolitan Area (CMA)**

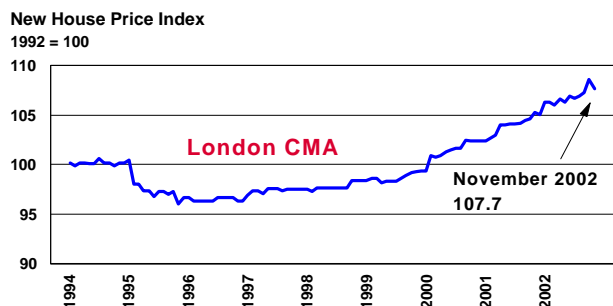
	Single-detached units			Ownership			Condominium			Private Rental		Total
	Freehold	Condo	All	Semi	Row	Semi	Row	Apt.	Row	Apt.		
<b>1. STARTS</b>												
Fourth Quarter 2002	391	25	416	2	16	0	56	0	0	78	568	
Fourth Quarter 2001	303	20	323	2	3	0	31	0	11	48	418	
% Change	29%	25%	29%	0%	433%	NA	81%	NA	-100%	63%	36%	
Year-To-Date 2002	1,894	75	1,969	18	49	4	237	0	9	318	2,604	
Year-To-Date 2001	1,221	96	1,317	14	15	4	170	0	31	56	1,607	
% Change	55%	-22%	50%	29%	227%	0%	39%	NA	-71%	468%	62%	
<b>2. UNDER CONSTRUCTION</b>												
December 2002	482	36	518	12	30	2	206	0	0	298	1,066	
December 2001	301	32	333	8	3	2	98	0	17	50	511	
<b>3. COMPLETIONS</b>												
Fourth Quarter 2002	548	22	570	0	0	4	25	0	0	4	603	
Fourth Quarter 2001	382	28	410	2	13	0	78	0	14	2	519	
% Change	43%	-21%	39%	-100%	-100%	NA	-68%	NA	-100%	100%	16%	
Year-To-Date 2002	1,801	72	1,873	12	22	6	137	0	23	70	2,143	
Year-To-Date 2001	1,206	77	1,283	16	25	2	266	0	14	174	1,780	
% Change	49%	-6%	46%	-25%	-12%	200%	-48%	NA	64%	-60%	20%	
<b>4. COMPLETED &amp; NOT ABSORBED</b>												
December 2002	72	4	76	0	4	0	44	0	0	5	129	
December 2001	97	9	106	0	5	3	91	0	5	64	274	
<b>5. TOTAL SUPPLY: 2. + 4.</b>												
December 2002	554	40	594	12	34	2	250	0	0	303	1,195	
December 2001	398	41	439	8	8	5	189	0	22	114	785	
<b>6. ABSORPTIONS</b>												
Year-To-Date 2002	1,815	78	1,893	12	23	9	184	0	28	129	2,278	
Year-To-Date 2001	1,244	77	1,321	18	24	3	279	0	9	201	1,855	
December 2002	196	8	204	0	0	0	8	0	0	4	216	
Previous 3-month Average	182	9	191	0	2	2	13	0	3	6	217	
Previous 12-month Average	147	6	153	1	2	1	17	0	3	10	187	

Source: CMHC

### Definitions

- 1. Starts:** refers to units where construction has advanced to a stage where full (100%) footings are in place. For multiple dwellings (semi-detached, row housing and apartments) the definition of a start applies to the structure or block of row units rather than to the project as a whole.
- 2. Under Construction:** those units which have been started but which are not complete.
- 3. Completions - Single-detached/semi-detached units:** this generally is the stage at which all proposed construction work is complete. A unit may be completed at the 90% stage where the remaining work is largely cosmetic. **Row housing/ Apartment:** completions means that 90% or more of the dwelling units within a block of row units or an apartment structure are completed and ready for occupancy
- 4. Completed and Not Absorbed:** all completed units of new construction (excluding model homes not available for sale) which have never been sold or leased.
- 5. Total Supply:** refers to the number of units under construction at month end plus the number of units completed in the current month or previous months that have not been leased or sold (excludes model homes not available for sale).
- 6. Absorptions:** the number of completed units (excluding model homes) that have been sold or leased.

## Average annual new home price on track for 2.8% rise in 2002



Source: Statistics Canada, Jan. 1994 - November 2002

## New House prices on the rise

New home prices measured by Statistic Canada's New Housing Price Index point to a 2.8 per cent price increase in 2002 following increases of 2.5% in 2001 and 2.8% in 2000.

The graph on page 8 shows an increasing market share for homes priced above \$190,000. It reached 56% in the London CMA in 2002, up from one-third in 1999. In London, the market share was 60% with homes priced above \$250,000 increasing from 22% of sales in 2001 to 27% of sales in 2002. The average sales price in London City increased 2.7 per cent to \$220,386.

**Table 3: Absorbed (Completed and Sold) Single-detached units by Price Range  
London Census Metropolitan Area (CMA)**

	Annual 2001		Annual 2002		3rd Quarter 2002		4th Quarter 2002	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<b>London CMA</b>								
<\$130,000	58	4.4%	49	2.6%	22	3.6%	8	1.4%
\$130 to \$149,999	160	12.1%	221	11.7%	67	11.0%	63	11.0%
\$150 to \$174,999	251	19.0%	367	19.4%	102	16.8%	109	19.0%
\$175 to \$189,999	156	11.8%	193	10.2%	60	9.9%	47	8.2%
\$190 to \$219,999	257	19.4%	382	20.1%	128	21.1%	114	19.8%
\$220 to \$249,999	178	13.4%	250	13.2%	84	13.8%	75	13.0%
\$250 to \$299,999	157	11.9%	249	13.1%	91	15.0%	83	14.4%
\$300,000+	107	8.1%	185	9.8%	54	8.9%	76	13.2%
<b>Total</b>	<b>1,324</b>	<b>100.0%</b>	<b>1,896</b>	<b>100.0%</b>	<b>608</b>	<b>100.0%</b>	<b>575</b>	<b>100.0%</b>
Median Price		\$193,000		\$197,000		\$200,000		\$203,000
Average Price		\$213,315		\$212,835		\$214,085		\$222,264
<b>London City</b>								
<\$130,000	39	4.3%	22	1.7%	6	1.4%	7	1.7%
\$130 to \$149,999	101	11.1%	129	10.1%	43	10.3%	34	8.4%
\$150 to \$174,999	167	18.3%	223	17.4%	61	14.7%	70	17.2%
\$175 to \$189,999	104	11.4%	136	10.6%	44	10.6%	36	8.9%
\$190 to \$219,999	171	18.8%	246	19.2%	77	18.5%	74	18.2%
\$220 to \$249,999	130	14.3%	178	13.9%	59	14.2%	58	14.3%
\$250 to \$299,999	114	12.5%	199	15.5%	75	18.0%	68	16.7%
\$300,000+	86	9.4%	148	11.6%	51	12.3%	59	14.5%
<b>Total</b>	<b>912</b>	<b>100.0%</b>	<b>1,281</b>	<b>100.0%</b>	<b>416</b>	<b>100.0%</b>	<b>406</b>	<b>100.0%</b>
Median Price		\$196,950		\$202,360		\$210,000		\$210,000
Average Price		\$214,492		\$220,386		\$226,362		\$228,439
<b>St. Thomas</b>								
<\$130,000	13	7.5%	18	7.7%	10	15.6%	0	0.0%
\$130 to \$149,999	35	20.1%	46	19.7%	11	17.2%	15	19.7%
\$150 to \$169,999	53	30.5%	65	27.8%	20	31.3%	23	30.3%
\$170 to \$189,999	24	13.8%	26	11.1%	4	6.3%	9	11.8%
\$190 to \$219,999	24	13.8%	41	17.5%	12	18.8%	15	19.7%
\$220 to \$249,999	13	7.5%	18	7.7%	3	4.7%	6	7.9%
\$250 to \$299,999	9	5.2%	10	4.3%	3	4.7%	2	2.6%
\$300,000+	3	1.7%	10	4.3%	1	1.6%	6	7.9%
<b>Total</b>	<b>174</b>	<b>100.0%</b>	<b>234</b>	<b>100.0%</b>	<b>64</b>	<b>100.0%</b>	<b>76</b>	<b>100.0%</b>
Median Price		\$168,705		\$169,500		\$158,500		\$174,500
Average Price		\$175,622		\$179,787		\$169,719		\$189,865

Source: CMHC

## MLS\* Resale Activity - Actual and Seasonally Adjusted (SA)

Month	2001								
	Number of Sales	% Change	Sales SA	New Listings	SA New Listings	SA Sales/SA New Listings	Active Listings	SA Active Listings	Average Price
January	341	16.4%	530	1,172	1,090	48.8%	3,040	3,500	\$131,109
February	532	-4.3%	550	1,146	1,080	51.0%	3,362	3,480	\$137,134
March	668	-11.6%	580	1,275	1,100	52.7%	3,572	3,490	\$134,748
April	722	10.4%	600	1,279	1,030	57.7%	3,805	3,410	\$138,211
May	820	8.9%	620	1,327	1,080	57.2%	3,774	3,370	\$143,044
June	776	16.9%	630	1,204	1,100	57.2%	3,788	3,330	\$145,599
July	677	21.3%	600	1,180	1,110	53.8%	3,532	3,320	\$136,586
August	673	18.1%	640	988	1,040	62.0%	3,333	3,270	\$130,597
September	558	19.7%	610	945	1,020	59.9%	3,263	3,210	\$131,659
October	576	12.7%	640	903	1,010	62.7%	2,956	3,190	\$136,253
November	537	24.0%	650	856	1,090	59.7%	2,913	3,120	\$130,588
December	427	46.7%	690	506	1,020	68.2%	2,442	3,020	\$136,343
1st Quarter	1,541	-4.0%							\$134,766
2nd Quarter	2,318	11.9%							\$142,394
3rd Quarter	1,908	19.7%							\$133,033
4th Quarter	1,540	24.7%							\$134,302
<b>Total 2001</b>	<b>7,307</b>	<b>12.3%</b>							<b>\$136,636</b>

Month	2002								
	Number of Sales	% Change	Sales SA	New Listings	SA New Listings	SA Sales/SA New Listings	Active Listings	SA Active Listings	Average Price
January	501	46.9%	780	1,120	1,040	74.9%	2,578	2,960	\$131,581
February	703	32.1%	720	1,079	1,020	71.0%	2,742	2,840	\$141,275
March	763	14.2%	660	1,128	970	68.1%	2,762	2,700	\$136,800
April	931	28.9%	770	1,376	1,110	68.9%	2,969	2,670	\$141,743
May	852	3.9%	640	1,246	1,000	63.4%	2,959	2,640	\$147,046
June	779	0.4%	630	1,062	970	65.1%	2,775	2,440	\$141,981
July	746	10.2%	660	1,125	1,060	62.8%	2,700	2,530	\$142,701
August	695	3.3%	660	981	1,020	64.4%	2,533	2,490	\$141,702
September	591	5.9%	660	935	1,020	64.5%	2,356	2,320	\$144,654
October	601	4.3%	660	1,017	1,150	57.7%	2,347	2,540	\$143,401
November	558	3.9%	680	740	940	72.3%	2,189	2,340	\$141,022
December	379	-11.2%	620	474	970	64.3%	1,753	2,170	\$145,410
1st Quarter	1,967	27.6%							\$137,070
2nd Quarter	2,562	10.5%							\$143,579
3rd Quarter	2,032	6.5%							\$142,927
4th Quarter	1,538	-0.1%							\$143,033
<b>Total 2002</b>	<b>8,099</b>	<b>10.8%</b>							<b>\$141,731</b>
<b>Total 2002**</b>	<b>8,097</b>	<b>10.8%</b>							<b>\$142,106</b>

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

\*\* Year end adjusted annual figures reported by the London & St. Thomas REB.

Notes: Active listings are as at month end.

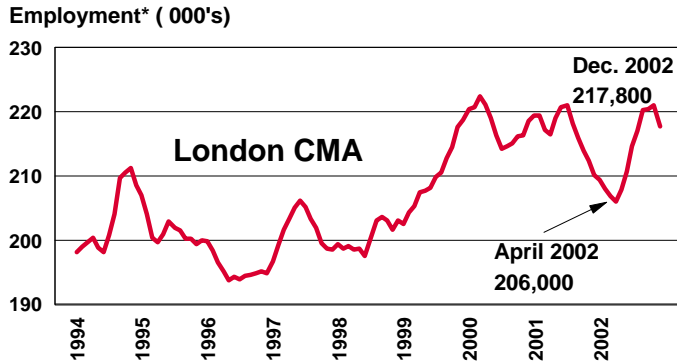
Individual unit sales of condominium apartments and row houses are included in the residential sales figures shown above.

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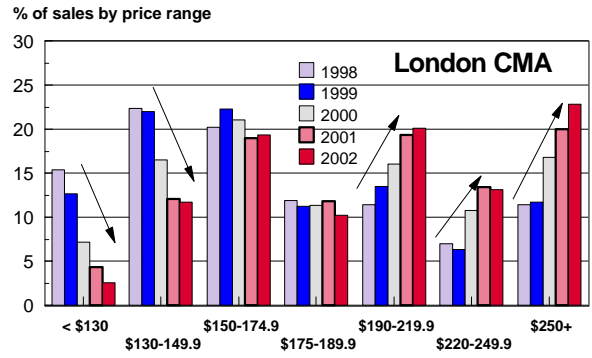
# Economic and Price Indicators

## 2nd half surge puts employment up 7,500 2002:Q4 over 2001:Q4



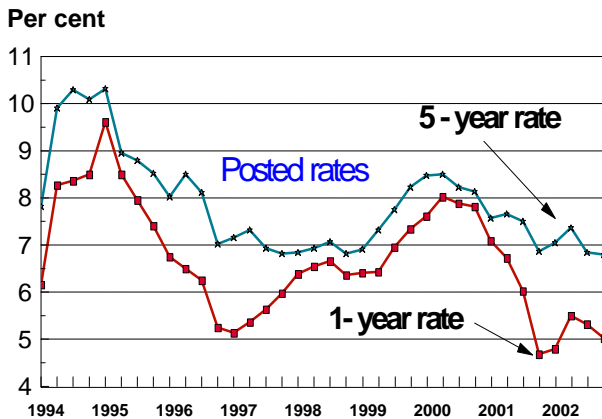
\* seasonally-adjusted 3-month moving avg. ending December, 2002  
Source: Statistics Canada

## Strong demand for higher-priced new homes



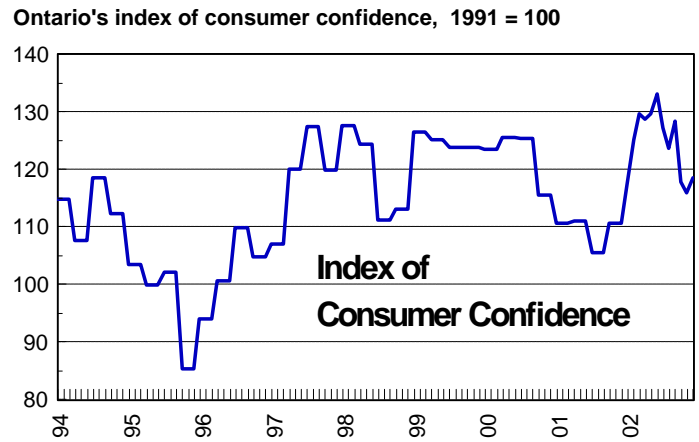
Source: CMHC Market Analysis, 1998-2002

## Low mortgage rates boost housing sales



Source: CMHC/ Bank of Canada, 1994:Q1 to 2002:Q4

## Consumer confidence still solid but down from June peak



Source: The Conference Board of Canada, Jan. 1994 - Dec. 2002

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