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New Home Market

Single Family Construction Finishes Slightly Ahead of 2002 in Sudbury and Thunder Bay

Sixteen single-detached starts in December in Thunder Bay CMA lifted the total number of housing starts for the year to 199, up 3.1 per cent from 193 for 2002. The December total, which was average for the month, brought

the quarterly total to 52 single-detached units started, four units above the five-year average for fourth quarters in Thunder Bay CMA. (see Chart below and Table 1A)

Low mortgage rates, a tightening resale market, a 5.7 per cent increase in employment from the year before and good land supply provided good conditions for the new home market

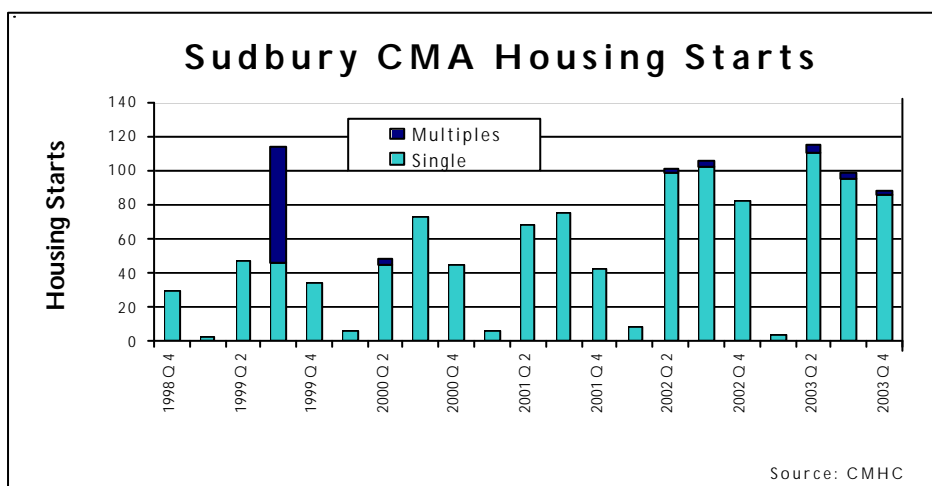
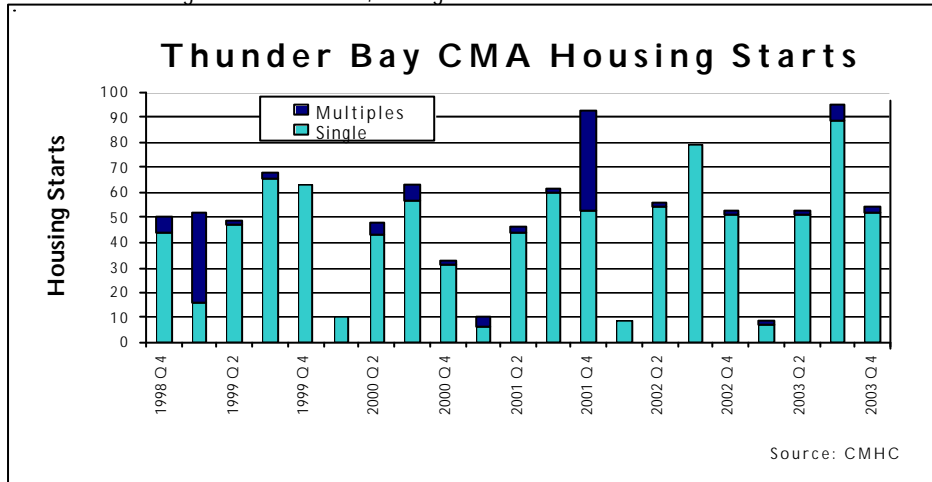
Canada Mortgage and Housing Corporation

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over the past year.

The four largest Northeastern Ontario centers tracked by CMHC registered increases year-over-year. Greater Sudbury experienced the highest level of single-detached starts once again with levels totaling 86 for the fourth quarter and 296 for the year, four more than one year ago. The 86 units started in the 2003:Q4 were three more than last year's final three months and nearly twice the five-year average for Greater Sudbury. (see Chart below and Table 1B)

North Bay had the best year for single-detached housing starts since 1992. The 33 starts counted in the fourth quarter meant the year-end total for North Bay was 123 units, up 17.1 per cent from 2002. Sault Ste. Marie homebuilders were kept busy in the fourth quarter. In fact,



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the fourth quarter was the busiest quarter of the year with 39 units starting bringing the 2003 total to 97 units, the highest starts count since 1997. Finally, the Timmins construction scene improved again with 30 starts registered, up from 24 last year. (See **Table 2A and 2B**)

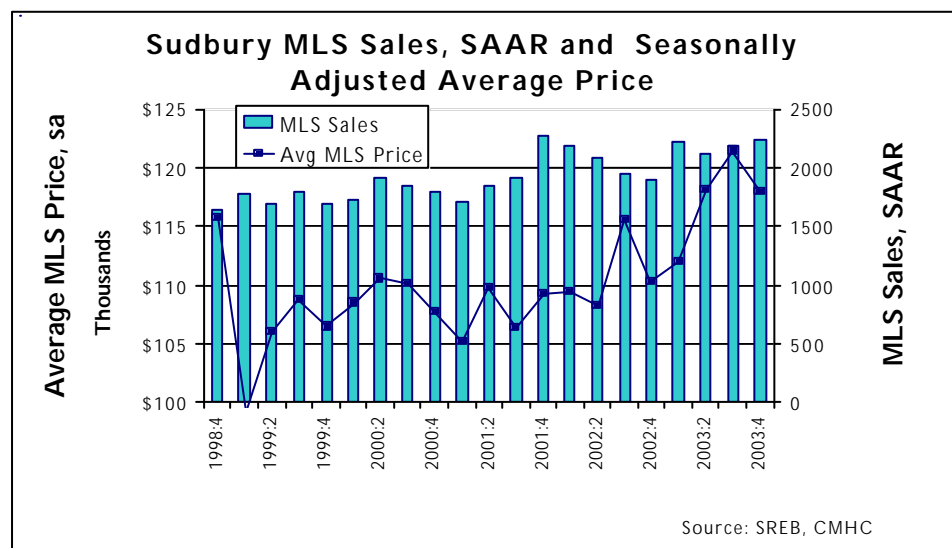
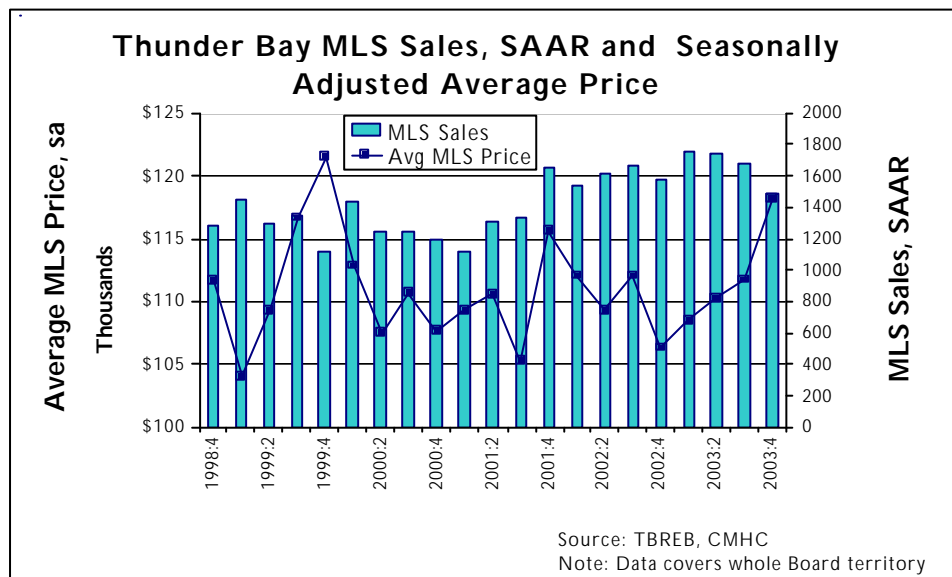
Multiple unit development remains low despite the vacancy rate falling to 3.3 per cent in October. Twelve multi-family units started in 2003, up from four last year. Low mortgage carrying costs continue to be a deterrent to new rental construction since the costs of homeownership are so reasonable. Vacancy rates have not dropped sufficiently to create interest from developers and the condominium construction market appears to have stalled.

An analysis of the prices newly constructed singles in our key markets, Thunder Bay, Sudbury, Sault Ste. Marie and North Bay is found in **Table 3**. Average absorbed prices have eclipsed \$200,000 in both Thunder Bay and Sudbury. Thunder Bay's average absorbed prices took a significant jump in 2003 primarily due to the concentration of higher priced units skewing up the average.

Absorptions are presented in **Table 4** by volume and by price range. Firstly, absorptions are up in each of the four centres in the year with the exception of Sault Ste. Marie. Secondly, the \$150,000 to \$199,999 price range remains the most popular in the each of the four key markets throughout Northern Ontario with the exception of Thunder Bay CMA.

Resales strong in fourth quarter, new listings shortages are key to price pressure

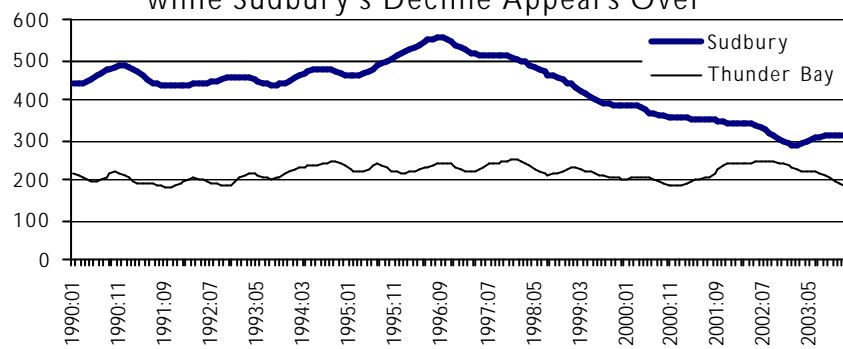
Buoyant resale markets in Northern Ontario's two largest centers have allowed residential construction to keep pace with last year. Fourth quarter resales hit 424 in Sudbury, only the second time in seven years that sales have been over four hundred. This bodes well for 2004. (see **Chart below and Table 5**) Similarly, fourth quarter Thunder Bay sales were above the 5-year-average for fourth quarters for the whole Thunder Bay REB territory while new listings were well off the same average. With the market conditions tightening, average price has been rising steadily and now is the highest it has been since 1999:Q4. (see **Chart on Page 2**) An important subset of the TBREB territory also is displaying the same tightening. Analysis of TBREB sub-districts 1-32 is performed by CMHC in order to reflect what is occurring in Thunder Bay City proper. Conditions are quite similar to that which is happening in the whole Board territory which includes an increasing percentage of rural, non-Thunder Bay sales. The one exception is prices. An average of sub-districts 1-32 MLS prices has shown a 1.2 per cent annual decline while in the whole Board territory, average prices have risen 1.8 per cent. Listings were off 16.0 per cent in the quarter from the previous fourth quarter while prices were up 8.1 per cent suggesting the market is tightening quickly. (see **Table 5**)



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Thunder Bay Beginning Decline of New Listings while Sudbury's Decline Appears Over



Note: Trend in New Listings is shown in chart.
Source: Real Estate Boards of Thunder Bay and Sudbury.

New listings have fallen continually in Sudbury since 1996 leading to a tightening in the resale market and renewed interest in new single-detached construction. With a pick-up in the resale market occurring, Sudbury homeowners are seeing opportunities to capitalize on the renewed interest in housing and listings are on the rise of late. It appears the new listings downtrend is beginning in Thunder Bay. (see **Chart at left**) As discussed earlier, there is some evidence of the market beginning to tighten and year-end numbers indicate an improvement in new construction volumes. Is Thunder Bay headed for a protracted downswing in new listings? It does seem plausible that this could occur.

Table 1A: Housing Activity Summary for Thunder Bay CMA

	OWNERSHIP					RENTAL		GRAND **TOTAL
	*SINGLE	FREEHOLD *SEMI	ROW	CONDOMINIUM ROW	APT	ROW	APT	
STARTS								
Q4 2003	52	2	0	0	0	0	0	54
Q4 2002	51	2	0	0	0	0	0	53
% Change	2.0%	0.0%	NA	NA	NA	NA	NA	1.9%
Year-to-date 2003	199	12	0	0	0	0	0	211
Year-to-date 2002	193	4	0	0	0	0	0	197
% Change	3.1%	200.0%	NA	NA	NA	NA	NA	7.1%
UNDER CONSTRUCTION								
December 2003	100	2	0	0	0	0	0	102
December 2002	102	2	0	0	38	0	6	148
COMPLETIONS								
Q4 2003	80	6	0	0	38	0	0	124
Q4 2002	50	0	0	0	0	0	0	50
% Change	60.0%	NA	NA	NA	NA	NA	NA	148.0%
Year-to-date 2003	209	12	0	0	38	0	6	265
Year-to-date 2002	167	4	0	0	0	0	0	171
% Change	25.1%	200.0%	NA	NA	NA	NA	NA	55.0%
COMPLETE & NOT ABSORBED								
December 2003	2	1	0	0	0	0	0	3
December 2002	10	0	0	0	0	0	0	10
ABSORPTIONS								
Q4 2003	80	6	0	0	38	0	0	124
Q4 2002	48	2	0	0	6	0	0	56
% Change	66.7%	200.0%	NA	NA	**	NA	NA	121.4%
Year-to-date 2003	217	11	0	0	0	0	6	234
Year-to-date 2002	166	5	0	0	2	0	0	173
% Change	30.7%	120.0%	NA	NA	-100.0%	NA	NA	35.3%

*Includes all market types

**Year-over-year change greater than 200 per cent

Source: CMHC

Table 1B: Housing Activity Summary for Sudbury CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	SINGLE	FREEHOLD SEMI	ROW	CONDOMINIUM ROW	APT	ROW	APT	
STARTS								
Q4 2003	86	2	0	0	0	0	0	88
Q4 2002	83	0	0	0	0	0	0	83
% Change	3.6%	NA	NA	NA	NA	NA	NA	6.0%
Year-to-date 2003	296	10	0	0	0	0	0	306
Year-to-date 2002	292	2	0	0	0	0	4	298
% Change	1.4%	**	NA	NA	NA	NA	-100.0%	2.7%
UNDER CONSTRUCTION								
December 2003	93	0	0	0	0	0	0	93
December 2002	92	0	0	0	0	0	0	92
COMPLETIONS								
Q4 2003	113	6	0	0	0	0	0	119
Q4 2002	106	0	0	0	0	0	4	110
% Change	6.6%	NA	NA	NA	NA	NA	-100.0%	8.2%
Year-to-date 2003	295	10	0	0	0	0	0	305
Year-to-date 2002	258	2	0	0	0	0	4	264
% Change	14.3%	**	NA	NA	NA	NA	-100.0%	15.5%
COMPLETE & NOT ABSORBED								
December 2003	6	0	0	0	0	0	0	6
December 2002	10	0	0	0	0	0	0	10
ABSORPTIONS								
Q4 2003	120	6	0	0	0	0	0	126
Q4 2002	107	2	0	0	0	0	4	113
% Change	12.1%	200.0%	NA	NA	NA	NA	-100.0%	11.5%
Year-to-date 2003	299	10	0	0	0	0	0	309
Year-to-date 2002	262	3	0	0	0	0	4	269
% Change	14.1%	**	NA	NA	NA	NA	-100.0%	14.9%

*Includes all market types

**Year-over-year change greater than 200 per cent

Source: CMHC

Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q4 2002	Q4 2003	% change	Q4 2002	Q4 2003	% change	Q4 2002	Q4 2003	% change
North Bay	29	33	13.8%	2	0	-100.0%	31	33	6.5%
Sault Ste. Marie	19	39	105.3%	0	0	NA	19	39	105.3%
Timmins	1	8	**	0	0	NA	1	8	**
Elliot Lake	0	0	NA	0	0	NA	0	0	NA
Haileybury	6	2	-66.7%	0	0	NA	6	2	-66.7%
Kenora	11	9	-18.2%	0	0	NA	11	9	-18.2%
Fort Frances	0	3	NA	0	0	NA	0	3	NA
Dryden	6	0	-100.0%	0	2	NA	6	2	-66.7%

Table 2B: Starts by Area and by Intended Market - Year-to-Date

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2002	YTD 2003	% change	YTD 2002	YTD 2003	% change	YTD 2002	YTD 2003	% change
North Bay	105	123	17.1%	18	2	-88.9%	123	125	1.6%
Sault Ste. Marie	75	97	29.3%	11	2	-81.8%	86	99	15.1%
Timmins	24	30	25.0%	0	0	NA	24	30	25.0%
Elliot Lake	0	0	NA	0	0	NA	0	0	NA
Haileybury	19	17	-10.5%	0	17	NA	19	34	78.9%
Kenora	31	22	-29.0%	2	0	-100.0%	33	22	-33.3%
Fort Frances	6	12	100.0%	0	4	NA	6	16	166.7%
Dryden	30	18	-40.0%	4	2	-50.0%	34	20	-41.2%

Table 3: Average Price of Completed and Absorbed Single-Detached Dwellings

Sub Market Area	Q4 2002	Q4 2003	% Change	YTD 2002	YTD 2003	% Change
Sudbury	\$215,729	\$204,292	-5.3%	\$199,656	\$205,699	3.0%
Thunder Bay	\$184,583	\$206,375	11.8%	\$178,873	\$205,618	15.0%
North Bay	\$184,212	\$197,422	7.2%	\$187,391	\$189,358	1.0%
Sault Ste. Marie	\$185,739	\$111,250	-40.1%	\$187,144	\$186,862	-0.2%

Table 4: Completed and Absorbed Single-Detached Units by Price Range

AREA	PRICE RANGES						TOTAL
	<\$150,000		\$150 - \$199,999		\$200,000 +		
	Units	Share (%)	Units	Share (%)	Units	Share (%)	
Sudbury CMA							
Q4 2003	15	12.5%	61	50.8%	44	36.7%	120
Q4 2002	11	10.3%	50	46.7%	46	43.0%	107
YTD 2003	47	15.7%	146	48.8%	106	35.5%	299
YTD 2002	47	17.9%	127	48.5%	88	33.6%	262
Thunder Bay CMA							
Q4 2003	3	3.8%	35	43.8%	42	52.5%	80
Q4 2002	1	2.1%	35	72.9%	12	25.0%	48
YTD 2003	13	6.0%	97	44.7%	107	49.3%	217
YTD 2002	17	10.2%	111	66.9%	38	22.9%	166
Sault Ste. Marie CA							
Q4 2003	4	100.0%	0	0.0%	0	0.0%	4
Q4 2002	4	17.4%	14	60.9%	5	21.7%	23
YTD 2003	10	25.6%	19	48.7%	10	25.6%	39
YTD 2002	17	25.8%	30	45.5%	19	28.8%	66
North Bay CA							
Q4 2003	7	15.6%	24	53.3%	14	31.1%	45
Q4 2002	14	26.9%	22	42.3%	16	30.8%	52
YTD 2003	22	19.5%	57	50.4%	34	30.1%	113
YTD 2002	29	27.1%	44	41.1%	34	31.8%	107

Source: CMHC

Note: N/A may appear where CMHC data suppression rules apply

Table 5: Resale Housing Activity for Northern Ontario

	Number of Sales	Yr/Yr %	Number of New Listings	Sales-to-New Listings	Average Price (\$)	Yr/Yr %
Thunder Bay CMA						
Q4 2002	247	NA	380	65.0	\$104,848	NA
Q4 2003	274	10.9%	320	85.6	\$113,374	8.1%
YTD 2002	1,214	3.3%	2,083		\$114,365	1.5%
YTD 2003	1,324	9.1%	1,980		\$113,190	-1.0%
Sudbury CMA						
Q4 2002	362	-17.4%	660	54.8	\$107,230	-8.9%
Q4 2003	424	17.1%	607	69.9	\$113,159	5.5%
YTD 2002	2,031	4.9%	3,913		\$110,826	2.8%
YTD 2003	2,191	7.9%	3,664		\$117,359	5.9%
Sault Ste Marie CA						
Q4 2002	195	29.1%	336	58.0	\$89,931	-2.9%
Q4 2003	173	-11.3%	327	52.9	\$88,387	-1.7%
YTD 2002	951	20.5%	1,902		\$92,227	1.2%
YTD 2003	959	0.8%	1,884		\$93,881	1.8%
North Bay CA						
Q4 2002	209	-13.6%	281	74.4	\$122,190	3.9%
Q4 2003	219	4.8%	283	77.4	\$127,217	4.1%
YTD 2002	1,175	3.3%	1,872		\$120,921	1.3%
YTD 2003	1,267	7.8%	957		\$127,216	5.2%
Timmins CA						
Q4 2002	74	NA	190	38.9	\$99,902	NA
Q4 2003	103	39.2%	201	51.2	\$104,679	4.8%
YTD 2002	475	NA	981		\$97,580	NA
YTD 2003	418	-12.0%	957		\$102,433	5.0%

Note: Thunder Bay figures taken from Subdistricts 1-32, a subset of the whole Board territory, representing the City proper.

Note: Timmins figures taken from Subdistricts 210,220,230,240,250 &270, a subset of the whole Board territory, representing the Timmins

Source: Canadian Real Estate Association

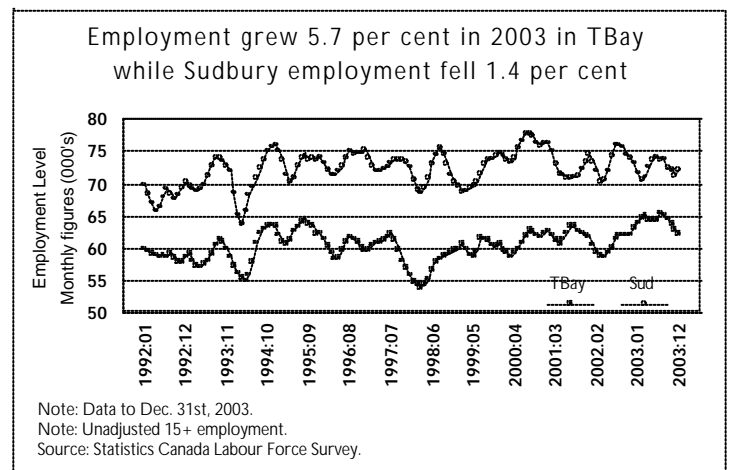
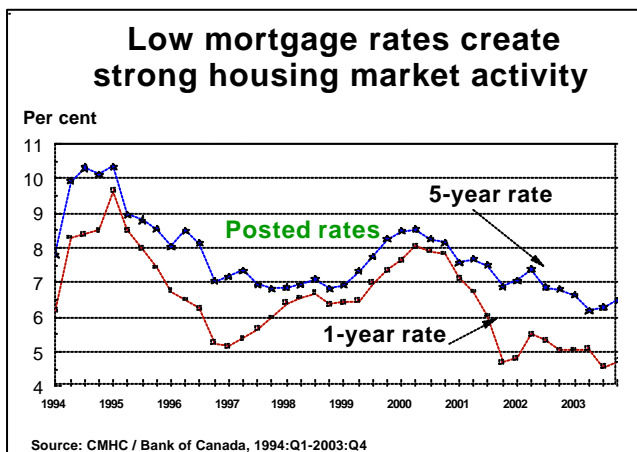
Table 6: Economic Indicators

		Interest and Exchange Rates			Inflation Rate	Thunder Bay Labour Market		Sudbury Labour Market		
		P & I*	Mortgage Rate		Ontario	Employment	Unemployment	Employment	Unemployment	
		Per \$100,000	1 Yr. Term	5 Yr. Term	(\$US/\$Cdn)	1996=100	SA** (,000)	Rate (%) SA	SA** (,000)	Rate (%) SA
2002	January	\$700.42	4.6%	7.0%	0.630	1.2%	60.5	8.5%	73.4	9.5%
	February	\$691.18	4.6%	6.9%	0.624	1.4%	60.0	8.5%	73.1	10.1%
	March	\$719.04	5.3%	7.3%	0.627	1.9%	60.1	7.5%	72.2	10.5%
	April	\$728.42	5.4%	7.5%	0.638	1.4%	60.2	6.7%	72.5	10.3%
	May	\$725.28	5.6%	7.4%	0.654	0.8%	60.3	5.9%	73.1	9.6%
	June	\$715.92	5.6%	7.3%	0.660	1.2%	60.4	5.9%	74.5	8.9%
	July	\$703.51	5.4%	7.1%	0.632	2.1%	60.7	6.3%	75.0	8.9%
	August	\$688.11	5.4%	6.8%	0.642	2.9%	61.1	6.6%	74.8	9.0%
	September	\$681.99	5.3%	6.7%	0.630	2.3%	61.4	6.4%	74.5	8.8%
	October	\$700.42	5.3%	7.0%	0.642	2.8%	61.6	6.4%	73.7	8.2%
	November	\$681.99	4.9%	6.7%	0.639	3.8%	61.8	6.4%	73.2	7.7%
	December	\$681.99	4.9%	6.7%	0.634	2.8%	62.5	6.3%	72.3	8.0%
2003	January	\$666.80	4.9%	6.5%	0.657	4.3%	63.7	6.1%	71.7	8.4%
	February	\$675.90	4.9%	6.6%	0.674	4.4%	65.0	5.2%	71.6	8.4%
	March	\$691.18	5.4%	6.9%	0.681	3.3%	66.0	5.0%	72.9	7.7%
	April	\$678.94	5.4%	6.7%	0.698	2.3%	65.6	5.1%	74.2	7.6%
	May	\$648.75	5.1%	6.2%	0.731	2.7%	65.2	5.5%	74.5	7.3%
	June	\$627.97	4.9%	5.8%	0.742	2.5%	64.6	5.7%	74.2	7.7%
	July	\$651.74	4.6%	6.2%	0.712	1.9%	64.6	5.7%	73.0	7.9%
	August	\$660.76	4.6%	6.4%	0.722	1.7%	64.3	5.6%	72.8	8.3%
	September	\$657.75	4.6%	6.3%	0.741	2.2%	64.2	5.4%	71.8	8.7%
	October	\$663.77	4.6%	6.4%	0.758	1.7%	63.7	5.8%	71.7	8.8%
	November	\$669.82	4.8%	6.5%	0.770	1.7%	63.1	6.1%	70.9	9.7%
	December	\$666.80	4.8%	6.5%	0.771	3.0%	62.3	6.9%	71.6	9.8%

* Payment and Interest, 5yr mortgage, 25yr amortization

** Seasonally Adjusted

Source: CMHC, Statistics Canada Labour Force Survey



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. Absorptions:** the number of completed units (excluding model homes) that have been sold or leased.
- 6. Seasonally Adjusted (SA):** Actual monthly (or quarterly) figures adjusted to remove normal seasonal variation.
- 7. Seasonally Adjust Annual Rates (SAAR):** Seasonally adjusted monthly figures multiplied by 12 (or quarterly figures multiplied by 4) to reflect annualized levels of activity.
8. Definitions for **CMA**, and **Inflation Rate** can be found in the Statistics Canada website - <http://www.statcan.ca>

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