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Canada Mortgage and Housing Corporation

Oshawa CMA Starts Best Second Quarter Since 1980's

SECOND QUARTER 2003

Oshawa Census Metropolitan Area (CMA) new home construction levels warmed up in the second quarter, after a colder than normal winter negatively impacted builders. The 1,215 units started this quarter were more than double the 590 units started in the first quarter.

The 2Q03 starts represented a 10.6 per cent increase from this time last year. Both the single detached and multiple sectors recorded second quarter gains. Single detached starts increased 7.6 per cent to 992 units, while multiple units, on the strength of semi-detached and freehold row

construction, jumped 26 per cent to 223 units. The 1,215 units started this quarter represent the best second quarter since the 1980's, as a strong local economy and low mortgage rates contributed to the strong demand. In fact, in the second quarter, on a seasonally adjusted (SA) level, total starts reached the second highest quarterly level recorded since 1992. Single starts (SA) recorded the highest level seen since 1989.

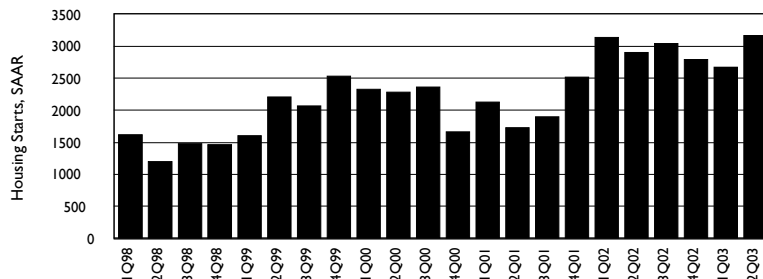
Of the municipalities in the Oshawa CMA, only Whitby

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Oshawa CMA Single Starts, SAAR



Source: CMHC

CMHC Toronto, Market Analysis

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HOME TO CANADIANS

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Resales Rebound in Second Quarter

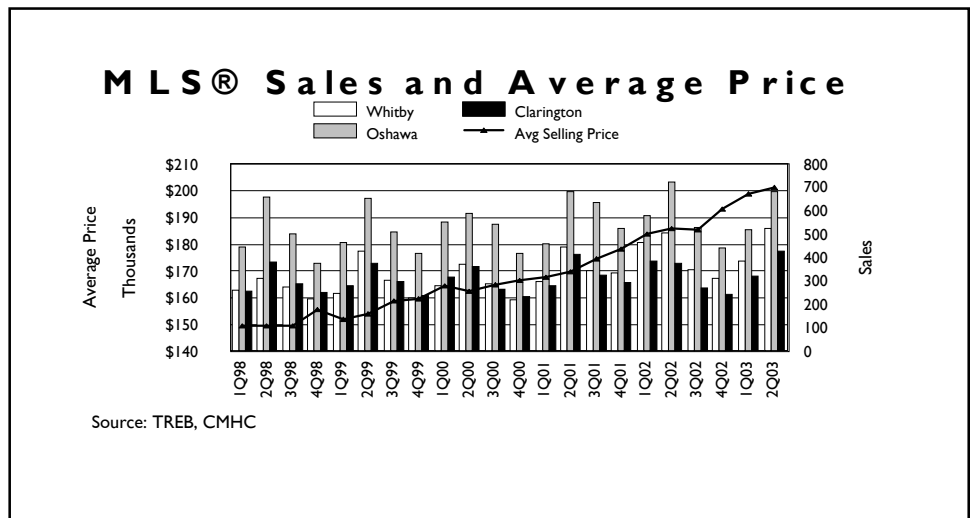
As the weather improved in the second quarter of 2003, so did the resale market in the Oshawa CMA. With buyers playing catchup after a slow start to 2003, this was the best second quarter for resales in over ten years. Demand for resale homes continues to be driven by historically low mortgage rates, high employment levels, and migration. On a seasonally adjusted basis, MLS® sales in 2Q03 were higher for the third consecutive quarter. Total MLS® sales in the Oshawa CMA reached 1,638 units in the second quarter of 2003, an increase of 2 per cent over same period in 2002.

Although Oshawa City remains the leader with respect to 2Q03 sales volumes, sales in Oshawa, at 684 units, were down 5.4 per cent from the second quarter of 2002. Clarington saw the largest per cent gain in sales at 13.8 per cent to 429 units, while sales in Whitby posted a 3.8 per cent increase to 525 units. Table 6 details the year-to-date declines in sales witnessed in all areas of the Oshawa CMA.

Price Increases Slow in Second Quarter

The number of homes newly listed on the market continues to outpace 2002 levels as existing homeowners, who have realized equity gains, move up to larger homes. A 10.8 per cent increase in new listings in the Oshawa CMA in the second quarter, in conjunction with a smaller increase in sales, has lowered the sales-to-new listings ratio to 72.5 per cent, from 78.7 per cent in the comparable period of 2002. Due to the increase in sales in the second quarter of 2003, the sales-to-new listings ratio showed a remarkable turnaround from the 58.6 per cent seen in 1Q03. All three municipalities within the Oshawa CMA registered decreases in their respective sales-to-new listings ratios from 2Q02. The Oshawa CMA remains in sellers' market territory.

With the supply of new listings higher, resale prices continue to rise in the Oshawa CMA, but at a slower rate than witnessed in previous quarters. The average resale price increased 7.1 per cent in 2Q03 to \$201,369. While resale prices continue to be at levels not seen in ten years, prices when adjusted for inflation are still well below ten year highs. Clarington, the tightest market in the CMA, recorded an average price increase of 8.2 per cent in 2Q03 to \$203,477. Whitby, with the highest prices in the Oshawa CMA, recorded a price gain of 6 per cent to \$243,616. Oshawa City, with a large drop in demand, recorded the smallest price gain, increasing 5.6 per cent to \$167,621. Increases in supply will keep further price increases in check for the remainder of the year.



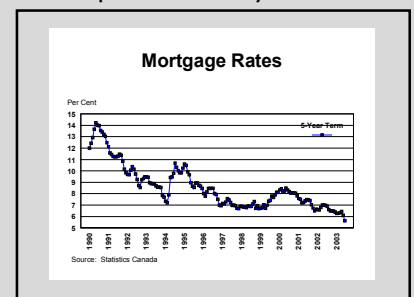
Mortgage rates low by historical standards

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. Posted mortgage rates are forecast to rise as interest rates head up by next year at the latest. However, rising posted mortgage rates will not necessarily lead to higher mortgage rates negotiated

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

One, three and five-year posted closed mortgage rates are expected to be in the 4.75-5.75, 5.25-6.25, and 5.75-6.75 per

cent range respectively this year. The mortgage rates are forecast to rise by 1.00-1.25 per cent next year.



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showed gains in construction levels in the second quarter. Whitby's strong housing demand continued with a total of 749 total housing starts in 2Q03, up 61.1 per cent from 2Q02. Single detached starts in Whitby reached 547 units in 2Q03, up 41.7 per cent from 2Q02. Meanwhile, multiple starts soared 155.7 per cent to 202 units, with both semi-detached and freehold row construction showing impressive gains. Both Clarington and Oshawa City registered a decline in housing starts this quarter. A total of 228 units were started in Clarington in 2Q03, down 21.9 per cent, due solely to the lack of multiple construction. Oshawa City

registered the largest decline this quarter, with 238 units started, a decrease of 30.4 per cent, due to the decline in single detached starts.

New Home Price Increases Level Off

Strong demand for more moderately priced single detached product in Whitby in the second quarter of 2003 has pushed the average price in the Oshawa CMA below 2Q02 levels. In 2Q03 the absorption of homes priced between \$200,000 and \$249,999 increased by 10 per cent relative to the same period last year. In 2Q03, the average price of a single detached home fell 0.9 per cent to \$231,224.

The average price of a single detached home in Oshawa City posted the largest gain with a 2.5 per cent increase over 2Q02 to \$227,566. Clarington also showed an increase in its average single detached price up 1.5 per cent to \$212,632. Whitby's average single detached price fell by 2.2 per cent to \$241,490. From January to June, the average price of a new single detached home in the Oshawa CMA remained virtually unchanged at \$232,758.

Builders are responding to the strong demand from first-time buyers with more moderately priced single detached homes.

**TABLE I: STARTS ACTIVITIES BY AREA AND INTENDED MARKET
OSHAWA CMA**

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD			CONDOMINIUM		PRIVATE		
	SINGLE	SEMI	ROW	ROW	APT	ROW	APT	
Oshawa CMA								
Second Quarter 2003	992	88	135	0	0	0	0	1215
Second Quarter 2002	922	10	37	40	90	0	0	1099
% Change	7.6%	780.0%	264.9%	-100.0%	-100.0%	na	na	10.6%
Year-to-Date 2003	1458	100	247	0	0	0	0	1805
Year-to-Date 2002	1463	70	123	40	90	16	0	1802
% Change	-0.3%	42.9%	100.8%	-100.0%	-100.0%	-100.0%	na	0.2%
Clarington								
Second Quarter 2003	228	0	0	0	0	0	0	228
Second Quarter 2002	194	0	8	0	90	0	0	292
% Change	17.5%	na	-100.0%	na	-100.0%	na	na	-21.9%
Year-to-Date 2003	350	0	18	0	0	0	0	368
Year-to-Date 2002	307	6	13	0	90	0	0	416
% Change	14.0%	-100.0%	38.5%	na	-100.0%	na	na	-11.5%
Oshawa City								
Second Quarter 2003	217	0	21	0	0	0	0	238
Second Quarter 2002	342	0	0	0	0	0	0	342
% Change	-36.5%	na	na	na	na	na	na	-30.4%
Year-to-Date 2003	255	0	35	0	0	0	0	290
Year-to-Date 2002	413	0	18	0	0	0	0	431
% Change	-38.3%	na	94.4%	na	na	na	na	-32.7%
Whitby								
Second Quarter 2003	547	88	114	0	0	0	0	749
Second Quarter 2002	386	10	29	40	0	0	0	465
% Change	41.7%	780.0%	293.1%	-100.0%	na	na	na	61.1%
Year-to-Date 2003	853	100	194	0	0	0	0	1147
Year-to-Date 2002	743	64	92	40	0	16	0	955
% Change	14.8%	56.3%	110.9%	-100.0%	na	-100.0%	na	20.1%

Source: CMHC

**TABLE 2: RESIDENTIAL CONSTRUCTION BY INTENDED MARKET
OSHAWA CMA**

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD			CONDOMINIUM		PRIVATE		
	SINGLE	SEMI	ROW	ROW	APT	ROW	APT	
Pending Starts*								
Second Quarter 2003	392	16	85	0	0	0	4	497
Second Quarter 2002	922	10	37	40	90	0	0	1099
Starts								
Second Quarter 2003	992	88	135	0	0	0	0	1215
Second Quarter 2002	922	10	37	40	90	0	0	1099
% Change	7.6%	780.0%	264.9%	-100.0%	-100.0%	na	na	10.6%
Year-to-Date 2003	1458	100	247	0	0	0	0	1805
Year-to-Date 2002	1463	70	123	40	90	16	0	1802
% Change	-0.3%	42.9%	100.8%	-100.0%	-100.0%	-100.0%	na	0.2%
Under Construction*								
Second Quarter 2003	1716	104	285	0	0	0	0	2105
Second Quarter 2002	1533	30	191	40	90	5	126	2015
Completions								
Second Quarter 2003	585	18	49	0	0	0	0	652
Second Quarter 2002	579	60	80	0	0	29	2	750
% Change	1.0%	-70.0%	-38.8%	na	na	-100.0%	-100.0%	-13.1%
Year-to-Date 2003	1118	22	125	0	90	0	0	1355
Year-to-Date 2002	995	86	151	0	0	33	4	1269
% Change	12.4%	-74.4%	-17.2%	na	na	-100.0%	-100.0%	6.8%
Complete and Not Absorbed*								
Second Quarter 2003	15	2	6	0	1	0	0	24
Second Quarter 2002	34	13	6	0	0	0	0	53
Total Supply*								
Second Quarter 2003	2123	122	376	0	1	0	4	2626
Second Quarter 2002	1904	87	240	40	90	5	126	2492
Absorptions								
Second Quarter 2003	588	19	57	1	0	0	0	665
Second Quarter 2002	579	53	83	0	0	29	3	747
% Change	1.6%	-64.2%	-31.3%	na	na	-100.0%	-100.0%	-11.0%
Year-to-Date 2003	1119	28	131	6	89	0	0	1373
Year-to-Date 2002	985	81	162	0	0	33	4	1265
% Change	13.6%	-65.4%	-19.1%	na	na	-100.0%	-100.0%	8.5%

Source: CMHC

*At end of quarter

**TABLE 3: NEW SINGLE DETACHED PRICE BY MUNICIPALITY
OSHAWA CMA**

	SECOND QUARTER 2003	SECOND QUARTER 2002	PER CENT CHANGE	YEAR-TO- DATE 2003	YEAR-TO- DATE 2002	PER CENT CHANGE
Oshawa CMA	\$231,224	\$233,211	-0.9%	\$232,758	\$232,961	-0.1%
Whitby	\$241,490	\$246,981	-2.2%	\$243,180	\$245,665	-1.0%
Oshawa City	\$227,566	\$222,116	2.5%	\$234,603	\$223,852	4.8%
Clarington	\$212,632	\$209,483	1.5%	\$209,730	\$215,304	-2.6%

Source: CMHC

TABLE 4: ABSORBED SINGLE DETACHED UNITS BY PRICE RANGE

	< \$149,999	\$150,000 - \$199,999	\$200,000 - \$249,999	\$250,000 - \$299,999	\$300,000 - \$349,999	\$350,000 - \$399,999	\$400,000+
Oshawa CMA							
Second Quarter 2003	0	142	297	102	36	8	3
Second Quarter 2002	3	148	269	130	27	5	2
% Change	-100.0%	-4.1%	10.4%	-21.5%	33.3%	60.0%	50.0%
Year-to-Date 2003	0	268	549	210	67	16	9
Year-to-Date 2002	5	249	460	220	36	13	7
% Change	-100.0%	7.6%	19.3%	-4.5%	86.1%	23.1%	28.6%
Whitby							
Second Quarter 2003	0	41	172	66	26	5	0
Second Quarter 2002	0	45	149	101	19	2	2
% Change	na	-8.9%	15.4%	-34.7%	36.8%	150.0%	-100.0%
Year-to-Date 2003	0	73	311	132	50	8	3
Year-to-Date 2002	0	77	238	153	22	4	6
% Change	na	-5.2%	30.7%	-13.7%	127.3%	100.0%	-50.0%
Oshawa City							
Second Quarter 2003	0	26	76	25	5	1	0
Second Quarter 2002	3	43	82	20	4	1	0
% Change	-100.0%	-39.5%	-7.3%	25.0%	25.0%	0.0%	na
Year-to-Date 2003	0	43	142	59	11	5	0
Year-to-Date 2002	3	69	145	43	7	2	0
% Change	-100.0%	-37.7%	-2.1%	37.2%	57.1%	150.0%	na
Clarington							
Second Quarter 2003	0	75	49	11	5	2	3
Second Quarter 2002	0	60	38	9	4	2	0
% Change	na	25.0%	28.9%	22.2%	25.0%	0.0%	na
Year-to-Date 2003	0	152	96	19	6	3	6
Year-to-Date 2002	2	103	77	24	7	7	1
% Change	-100.0%	47.6%	24.7%	-20.8%	-14.3%	-57.1%	500.0%

Source: CMHC

TABLE 5: MLS®* SALES TO NEW LISTING RATIO BY MUNICIPALITY

	SECOND QUARTER 2003	SECOND QUARTER 2002	YEAR-TO-DATE 2003	YEAR-TO-DATE 2002
Durham Region	68.8%	77.2%	62.9%	72.5%
Oshawa CMA	72.5%	78.7%	65.8%	75.2%
Whitby	73.7%	76.2%	64.9%	72.4%
Oshawa City	70.4%	81.1%	65.5%	77.5%
Clarington	74.4%	77.9%	67.3%	75.2%

Source: Toronto Real Estate Board, CMHC

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

TABLE 6: MLS®* RESIDENTIAL UNIT SALES BY MUNICIPALITY

	SECOND QUARTER 2003	SECOND QUARTER 2002	PER CENT CHANGE	YEAR-TO-DATE 2003	YEAR-TO-DATE 2002	PER CENT CHANGE
Durham Region	2814	2775	1.4%	4940	5193	-4.9%
Oshawa CMA	1638	1606	2.0%	2871	3038	-5.5%
Whitby	525	506	3.8%	913	970	-5.9%
Oshawa City	684	723	-5.4%	1206	1305	-7.6%
Clarington	429	377	13.8%	752	763	-1.4%

Source: Toronto Real Estate Board, CMHC

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TABLE 7: MLS®* AVERAGE PRICE BY MUNICIPALITY

	SECOND QUARTER 2003	SECOND QUARTER 2002	PER CENT CHANGE	YEAR-TO-DATE 2003	YEAR-TO-DATE 2002	PER CENT CHANGE
Durham Region	\$218,913	\$206,688	5.9%	\$218,235	\$204,712	6.6%
Oshawa CMA	\$201,369	\$188,060	7.1%	\$200,250	\$185,897	7.7%
Whitby	\$243,616	\$229,858	6.0%	\$241,224	\$226,755	6.4%
Oshawa City	\$167,621	\$158,807	5.6%	\$168,272	\$156,348	7.6%
Clarington	\$203,477	\$188,063	8.2%	\$201,787	\$184,495	9.4%

Source: Toronto Real Estate Board, CMHC

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TABLE 8: ECONOMIC INDICATORS - OSHAWA CMA

	BANK RATE	MTG. RATE 3 YR TERM	EXCH. RATE (\$CDN/\$US)	EMPLOYMENT RATIO* (%)	UNEMPLOYMENT RATE*(%)
2001					
January	5.75	7.44	66.89	66.6	5.6
February	5.75	7.37	64.58	66.6	4.9
March	5.25	6.97	63.61	66.3	5.1
April	5.00	6.91	64.70	66.1	5.0
May	4.75	7.01	65.27	65.8	5.1
June	4.75	7.10	65.67	65.2	5.2
July	4.50	7.10	65.04	65.1	5.5
August	4.25	7.04	64.67	64.5	5.8
September	3.75	6.64	63.32	64.7	5.8
October	3.00	6.16	63.02	64.1	6.2
November	2.50	5.64	63.19	64.1	6.3
December	2.50	5.64	62.70	64.5	6.4
Average	4.31	6.75	64.39	65.2	5.6
2002					
January	2.25	5.60	62.80	64.6	7.3
February	2.25	5.61	62.18	64.7	7.5
March	2.25	5.97	62.75	64.1	8.2
April	2.50	6.35	63.96	64.0	7.8
May	2.50	6.40	65.16	64.1	7.3
June	2.75	6.40	65.76	64.4	6.4
July	3.00	6.33	63.12	64.4	5.9
August	3.00	6.02	64.12	64.7	5.9
September	3.00	5.92	63.41	64.9	6.1
October	3.00	5.90	64.20	65.5	6.2
November	3.00	5.83	63.54	66.1	6.1
December	3.00	5.81	64.60	66.3	6.1
Average	2.71	6.01	63.80	64.9	6.7
2003					
January	3.00	5.79	65.32	66.9	5.9
February	3.00	5.81	66.88	67.3	5.7
March	3.25	5.84	67.98	68.1	5.0
April	3.50	5.97	68.59	68.7	5.1
May	3.50	5.71	72.12	69.7	5.1
June	3.50	5.20	74.48	70.4	5.2

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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.

ABSORPTION:

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 yet started.

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