

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

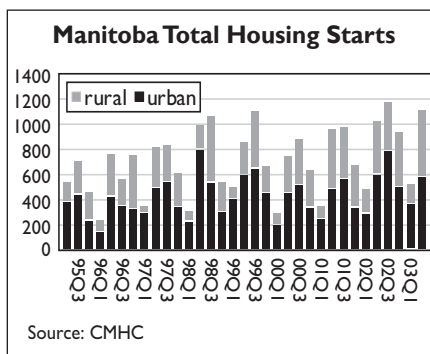
New Home Market**Second quarter starts holding steady**

After the first six months of 2003 Manitoba housing starts have slowed their climb and levelled off near last year's impressive numbers. Residential construction recorded a total of 1,627 starts across the province of Manitoba, an increase of eight per cent over the first six months of 2002. Following a strong first quarter, starts in urban areas have slowed in the second quarter and are almost four per cent behind 2002 second quarter results. Looking more closely at the urban centres, while starts were up in Winnipeg and Brandon, they were down in Portage and St. Andrews. Despite a slow down in activity during the second quarter, year-to-date urban starts remain 5 per cent ahead of this time last year.

Rural starts rebounded in the second quarter and posted results 26 per cent above those of the second quarter of 2002. As a result, January to June rural starts are 12 per cent ahead of the first six months of 2002. Thanks to this rebound in activity, rural housing starts accounted for 48 per cent of total starts while the urban share fell to 52 per cent as compared to 58 per cent for the same period last year.

Multiple-family rental construction up in rural areas

While single-family starts for the first six months of the year have held close to the same number as last year in both rural and urban areas, multiple family starts have increased substantially across the province. Rental construction projects in the rural centres, notably in Steinbach



and Swan River, have resulted in multiple-family starts in this last quarter being almost triple what they were during the second quarter of 2002. This has contributed to the rebound in rural starts activity overall. The city of Winnipeg also saw an increase in multiple-family activity, and after the first six months of the year, has nearly doubled the number of starts it had at this time last year. We can expect multiple-family activity to remain strong for the rest of the year as builders will continue to respond to demand in the seniors market and tight rental market conditions.

Single-family absorptions jump

The number of single family home absorptions in the second quarter of 2003 is up significantly over the second quarter of 2002. For all urban centres, there were 537 dwelling units absorbed from April to June of 2003, increasing 53 per cent over the the 352 units absorbed during the same period of 2002. As a result the number of complete and unabsorbed in this last quarter decreased by 23 per cent compared to the

SECOND QUARTER 2003

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ANALYSIS

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- 1 Rural centres see increased multiple-family construction
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- 2 Higher-priced homes favoured
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- 2 Low mortgage rates continue to stimulate the housing market

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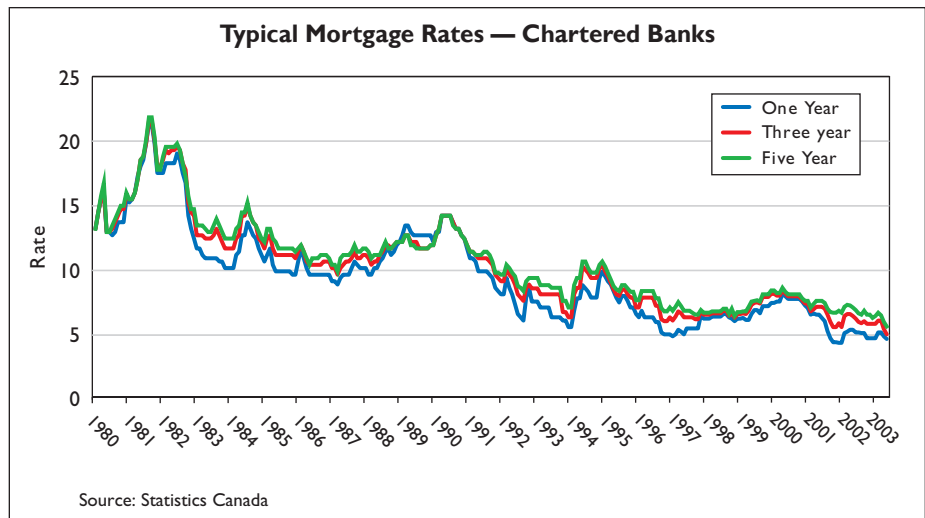
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second quarter of 2002. Units under construction, however, increased by 13 per cent over the same time last year and as a result total supply is up by almost six per cent. When examining the single-family market however, total supply is down by two per cent compared to this time last year. A nine per cent increase in homes under construction could not offset a 102 per cent increase in the number of absorptions over the second quarter of 2002 leading to a decrease of 38 per cent in the stock of complete and unabsorbed homes compared to the same time last year.

Higher-priced homes continue to gain market share

While the bulk of absorptions in the second quarter of 2003 (46 per cent) are in the \$150,000 to \$199,999 price range, the share of product priced over \$250,000 has increased to 23 per cent compared to 17 per cent absorbed during the same period last year. The increasing share of this higher priced product can be attributed to continued low mortgage rates encouraging home buyers to venture into the higher-end new home market. There was a corresponding decrease in the share captured by homes under \$150,000. Increasing land and construction costs are also eroding share at the lower end of the market as it becomes increasingly difficult for builders to offer homes priced less than \$150,000.



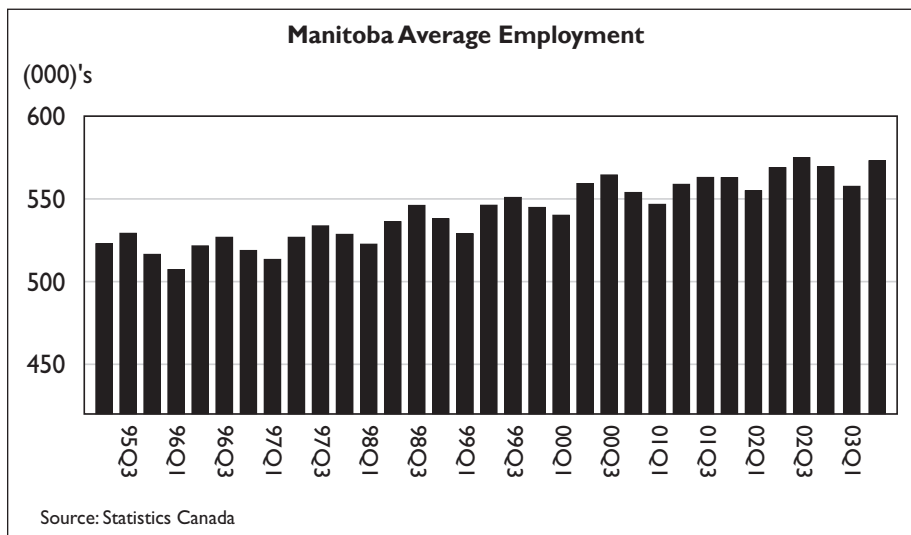
Gains seen in full-time employment

Employment in the manufacturing sector fell slightly but thanks to strong gains in the service sector, employment saw an overall increase. Manitoba's unemployment rate fell to 4.1 per cent in June of 2003 from 5.3 per cent in June of 2002. Statistics indicate that 5,100 more people were employed during the second quarter of 2003 compared to the same time last year. There were 9,900 more persons employed in full time jobs during the second quarter of 2003 compared to the second quarter of 2002. Part-time jobs saw a corresponding loss during the same period. Current growth in full-time jobs bode well for housing markets but weaker economic growth, due to

a fragile U.S. economy and a higher Canadian dollar, suggests slower job growth over the next year.

Mortgage rates continue to favour home ownership

Slower economic growth at home and south of the border and a rising dollar will conspire to keep mortgage rates low over the next several months. However, as the U. S moves towards economic recovery, interest rates will rise. Canadian interest rates are expected to rise along with them in an effort to keep domestic prices stable and maintain the value of the dollar. Mortgage rates are forecast to rise as interest rates head up late this year and next. One, three and five-year 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. These low rates will continue to stimulate the housing market, and given the limited number of listings in the resale market, particularly in Winnipeg, many home buyers will be considering the new home market to meet their housing needs.



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Table I
PROVINCE OF MANITOBA
STARTS ACTIVITY BY AREA - 2ND QUARTER 2003

AREA	Single		Multiple			Total		Chg
	2003	2002	SEMI	ROW	APT	2003	2002	2003/2002
WINNIPEG CMA	441	460	4	15	48	508	474	7.17
WINNIPEG CITY	339	326	4	15	48	406	340	19.41
BRANDON CA	32	32	0	0	16	48	44	9.09
PORTAGE LA PRAIRIE CA	10	5	0	0	0	10	61	-83.61
ST.ANDREWS CA	10	20	0	0	0	10	20	-50.00
THOMPSON CA	0	0	0	0	0	0	0	**
MANITOBA (URBAN)	493	517	4	15	64	576	599	-3.84
MANITOBA (RURAL)	435	387	11	0	85	531	422	25.83
MANITOBA (TOTAL)	928	904	15	15	149	1107	1021	8.42

Table Ib
PROVINCE OF MANITOBA
STARTS ACTIVITY BY AREA - JANUARY TO JUNE 2003

AREA	Single		Multiple			Total		Chg
	2003	2002	SEMI	ROW	APT	2003	2002	2003/2002
WINNIPEG CMA	726	681	12	15	88	841	733	14.73
WINNIPEG CITY	574	507	12	15	88	689	559	23.26
BRANDON CA	49	40	0	0	16	65	58	12.07
PORTAGE LA PRAIRIE CA	10	7	0	0	0	10	63	-84.13
ST.ANDREWS CA	18	32	0	0	0	18	32	-43.75
THOMPSON CA	0	0	0	0	0	0	0	**
MANITOBA (URBAN)	803	760	12	15	104	934	886	5.42
MANITOBA (RURAL)	575	572	13	20	85	693	617	12.32
MANITOBA (TOTAL)	1378	1332	25	35	189	1627	1503	8.25

** indicates a greater than 100 per cent change

Table 2
MANITOBA HOUSING COMPLETIONS BY AREA
2ND QUARTER 2003

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	SEMI	ROW	APT	2003	2002	
WINNIPEG CMA	536	345	12	9	0	557	450	23.78
WINNIPEG CITY	434	270	12	9	0	455	375	21.33
BRANDON CA	27	21	0	0	16	43	21	**
PORTAGE LA PRAIRIE CA	4	4	0	0	47	51	10	**
ST.ANDREWS CA	5	14	0	0	0	5	14	-64.29
THOMPSON CA	0	10	0	0	0	0	10	**
MANITOBA (URBAN)	572	384	12	9	63	656	495	32.53
MANITOBA (RURAL)	154	243	14	28	67	263	243	8.23
MANITOBA (TOTAL)	726	627	26	37	130	919	738	24.53

Table 2b
MANITOBA HOUSING COMPLETIONS BY AREA
JANUARY TO JUNE 2003

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	SEMI	ROW	APT	2003	2002	
WINNIPEG CMA	682	476	14	9	72	777	581	33.73
WINNIPEG CITY	534	360	14	9	72	629	465	35.27
BRANDON CA	46	30	0	0	16	62	36	72.22
PORTAGE LA PRAIRIE CA	11	11	0	4	47	62	17	**
ST.ANDREWS CA	37	21	0	0	0	37	21	76.19
THOMPSON CA	1	1	0	0	0	1	1	0.00
MANITOBA (URBAN)	777	539	14	13	135	939	656	43.14
MANITOBA (RURAL)	531	572	28	37	67	663	605	9.59
MANITOBA (TOTAL)	1308	1111	42	50	202	1602	1261	27.04

** indicates a greater than 100 per cent change

Table 3
PROVINCE OF MANITOBA - CENTRES OF 50,000 POPULATION AND OVER
SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - 2ND QUARTER 2003

	< \$100,000	\$100,000 -119,999	\$120,000 -149,999	\$150,000 -199,999	\$200,000 -249,999	\$250,000 +	Total
WINNIPEG CMA	5	11	49	230	86	116	497
WINNIPEG CITY	4	9	36	199	76	72	396
RURAL MUNICIPALITIES	1	2	13	31	10	44	101

Table 3b
PROVINCE OF MANITOBA - CENTRES OF 50,000 POPULATION AND OVER
SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - 2ND QUARTER 2002

	< \$100,000	\$100,000 -119,999	\$120,000 -149,999	\$150,000 -199,999	\$200,000 -249,999	\$250,000 +	Total
WINNIPEG CMA	2	12	25	114	44	40	237
WINNIPEG CITY	1	5	24	99	37	25	191
RURAL MUNICIPALITIES	1	7	1	15	7	15	46

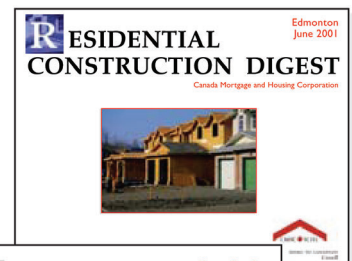
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Zone	Metropolitan Area											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Central	10	15	20	25	30	35	40	45	50	55	60	65
North	5	8	12	18	22	28	32	38	42	48	52	58
South	3	5	7	10	14	18	22	26	30	34	38	42
West	2	3	4	5	6	7	8	9	10	11	12	13
East	1	2	3	4	5	6	7	8	9	10	11	12
Total	21	33	46	60	75	93	112	131	152	173	193	218

Table 4
PROVINCE OF MANITOBA
UNDER CONSTRUCTION - AS OF END JUNE 2003

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	SEMI	ROW	APT	2003	2002	
WINNIPEG CMA	699	625	12	8	197	916	814	12.53
WINNIPEG CITY	500	420	12	8	197	717	609	17.73
BRANDON	19	17	0	0	51	70	29	**
PORTAGE LA PRAIRIE CA	7	9	0	0	0	7	65	-89.23
ST.ANDREWS CA	12	23	0	0	0	12	23	-47.83
THOMPSON	0	0	0	0	0	0	0	**
MANITOBA (URBAN)	737	674	12	8	248	1005	931	7.95
MANITOBA (RURAL)	441	506	11	0	85	537	551	-2.54
MANITOBA (TOTAL)	1178	1180	23	8	333	1542	1482	4.05

Table 4b
PROVINCE OF MANITOBA
COMPLETE NOT OCCUPIED - AS OF END JUNE 2003

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	SEMI	ROW	APT	2003	2002	
WINNIPEG CMA	132	213	10	7	34	183	238	-23.11
CITY ONLY	115	170	10	7	34	166	193	-13.99
RURAL MUNICIPALITIES	17	43	0	0	0	17	45	-62.22



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**Table 5
MANITOBA
HOUSING ACTIVITY SUMMARY**

Activity	Ownership					Rental				Total
	Freehold			Condominium		Private		Assisted		
	Single ¹	Semi ¹	Row	Row	Apt	Row	Apt	Row	Apt	
STARTS										
2nd Quarter 2003	493	4	0	15	0	0	64	0	0	576
2nd Quarter 2002	517	18	7	0	0	4	53	0	0	599
Year-To-Date 2003	803	12	0	15	40	0	64	0	0	934
Year-To-Date 2001	760	18	7	6	32	4	59	0	0	886
UNDER CONSTRUCTION										
June 2003	737	4	0	14	113	0	183	0	0	1051
June 2002	674	24	3	33	56	4	53	0	84	931
COMPLETIONS										
2nd Quarter 2003	572	12	0	9	0	0	63	0	0	656
2nd Quarter 2002	384	22	0	10	15	0	64	0	0	495
Year-To-Date 2002	777	14	0	13	0	0	135	0	0	939
Year-To-Date. 2001	539	22	0	10	15	0	70	0	0	656
COMPLETED & NOT ABSORBED²										
June 2003	132	10	0	7	0	0	33	0	1	183
June 2002	213	18	0	7	0	0	0	0	0	238
TOTAL SUPPLY³										
2003	869	14	0	21	113	0	216	0	1	1234
2002	887	42	3	40	56	4	53	0	84	1169
ABSORPTIONS²										
2nd Quarter 2003	498	5	0	15	0	0	4	0	15	537
2nd Quarter 2002	247	11	0	11	15	0	68	0	0	352
12-month Average	135	4	0	3	4	2	6	0	7	161

¹ May include units intended for condominium.

² Centres of 50,000 population and over.

³ Sum of units under construction, complete and unoccupied

DEFINITIONS AND BACKGROUND NOTES



Starts and Completions Survey

The purpose of this survey is to measure new residential construction activity. The common unit of measurement is the “dwelling unit” (as opposed to value).

The Starts and Completion Survey enumerates dwelling units in new structures only; such units being designed for non-transient and year-round occupancy. Thus, excluded from the survey are conversions, vacation homes, cottages and collective type dwellings.

Starts - refer to units where construction has advanced to the footing or foundation stage and in the case of multiples, a start applies to the individual unit.

Under Construction - refers to units that have started but are not complete (i.e. units under construction from the previous month plus starts for the current month minus completions during the current month plus/minus any adjustments to units under construction which may include cancellations of projects, re-initiations of projects and/or changes in tenure status).

Completions - refer to units where all proposed construction work has been performed or in some cases where ninety percent of all construction work is completed and the structure is fit for occupancy.

Completed and Unoccupied - refers to completed units of new construction which have never been occupied or sold (i.e. completed and unoccupied units from the previous month plus completions during the current month minus absorptions for the current month).

Total Supply - refers to the total supply of new units and includes, units under construction and units that are completed but not occupied (i.e. under construction plus completed and unoccupied for the current month).

Absorptions - refers 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 pre-sold or pre-leased are not included until the completion stage (i.e. completed and unoccupied units from the previous month plus completions for the current month minus completed and unoccupied units for the current month).

Dwelling units have been divided into four categories:

The definition of types of dwellings used are in accordance with those used in the Census.

Single-Detached - This type is commonly called a “single-house”. It comprises only one-dwelling unit which is completely separate on all sides from any other dwelling or structure including linked homes which are attached below ground.

Semi-Detached - In this category each one of two dwellings are located side-by-side in a building and are separated by a common wall extending from ground to roof or by a garage.

Row - This category comprises a one-family dwelling unit in a row of three or more dwellings separated by common or party walls extending from ground to roof.

Apartment and Other - This category includes all dwelling units other than those described above. It includes structures such as: duplexes, double-duplexes, triplexes, row-duplexes, apartments proper and dwellings over or behind a store or other nonresidential structure. In accordance with the definition, single-detached units with legal secondary suites are included in this category.

Geographical coverage of the survey includes all metropolitan areas, census agglomerations and urban centres of 10,000 population and over, as defined by the Census. These areas are enumerated completely each month. The remainder of the branch territory is covered on a sample basis four times a year in March, June, September and December.

Market Absorption Survey

The purpose of this survey is to provide an indication of the short-term demand for home ownership and rental dwellings. The survey is designed to measure the rate at which units are sold or rented after they are completed.

The geographical coverage of the Market Absorption Survey is all metropolitan areas and all urban centres of 50,000 population and over. In the Market Absorption Survey, certain dwellings are excluded for various reasons. These are: dwellings financed by CMHC or NHA Section 6, Non-profit Public and Private initiated housing, which are not subject to normal market criteria and dwellings constructed for model purposes.

Absorption in this report is defined as take up monitored at completions plus those from inventory. For the short term, absorptions are a function of actual completions and inventory levels.

1996 Census Definitions

A **Census Metropolitan Area** refers to the main labour market area of an urbanized core having 100,000 or more population.

A **Census Agglomeration** refers to the region labour market area of an urbanized core housing between 10,000 and 99,999 population. CMA's and CA's are created by Statistics Canada and are usually known by the name of the urban area forming their urbanized core. They contain whole municipalities (or census subdivisions) and are comprised of:

1. Municipalities if (a) at least 40% of the employed labour force living in the municipalities work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.
2. Other municipalities if (a) at least 40% of the employed labour force living in the municipality work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.