

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

New Home Market

FOURTH QUARTER 2003

2003 Finishes with a Strong 4th Quarter

A surge in urban starts in the last quarter of 2003 has helped propel provincial starts numbers beyond the impressive totals of 2002. Starts in the last quarter of 2003 were 41 per cent greater than in the last quarter of 2002. Most of the gains were in urban areas, where starts recorded a gain of 70 per cent over the corresponding quarter of the previous year. While urban single-family starts showed a healthy year-over-year increase of 17 per cent this last quarter, urban multiple-family starts were more than four times greater than those recorded in the fourth quarter of 2002. As for rural starts, single-family starts were up comparably by 14 per cent in the last quarter of 2003. However, fourth quarter rural multiple-family starts, were down 27 per cent when measured against the final quarter of 2002.

Another Banner Year for Housing Starts

Year-end results show that, with a total of 4,206 housing starts across the province in 2003, total starts are over 16 per cent higher than the previous year and the best year end total since 1988. Gains were felt primarily in multi-family starts which, at 1,041 units

in 2003, stood 73 per cent higher than in 2002. Single-family starts edged past the 2002 results by five percent, recording 3,165 starts in 2003. Buoyed by a strong performance in multiple-family starts, urban areas recorded greater gains than rural areas with a total of 2,690 units, 24 per cent more than the total for the previous year. Rural areas on the other hand, stayed ahead of last year's total by less than five per cent, registering 1,516 total starts in 2003. With the increase in urban starts in 2003, the urban share of total housing starts in the province went from 60 per cent in 2002 to 64 per cent in 2003.

Multiple-family Starts Drove Market to New Heights in 2003

While single-family starts remain robust, the story in 2003 was the 73 per cent jump in multiple-family construction. Rural areas saw a 22 per cent gain in multiple-family activity in 2003, while urban areas saw an astonishing increase of 92.5 per cent over the same period, representing 843 units in 2003 compared to 438 in 2002. Activity was focused in Winnipeg where both condominium and rental apartment projects broke ground. Several years of vacancy rates hovering at just above one per cent in the Winnipeg CMA have spurred interest in new rental construction. One major rental market project containing over 360 units began construction in 2003 in the northwest quadrant of Winnipeg, a project of this scale has not been seen in the city in more than a decade. Condominium construction was also strong in 2003, fueled in part by healthy price gains in the resale market. Many empty-nesters have taken advantage of equity gains in the resale market

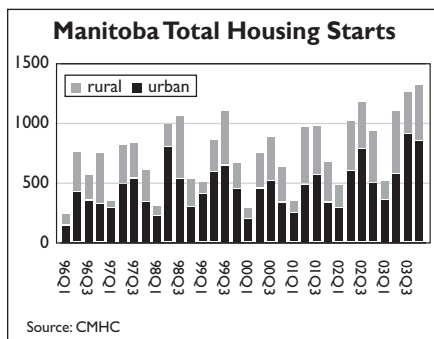
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and purchased condominium properties.. Strong sellers' market conditions have led to year-over-year double-digit increases in resale price in 2003, thus narrowing the price gap between resale homes and new condominiums.

Multiple-Family Construction Activity Boosting Supply

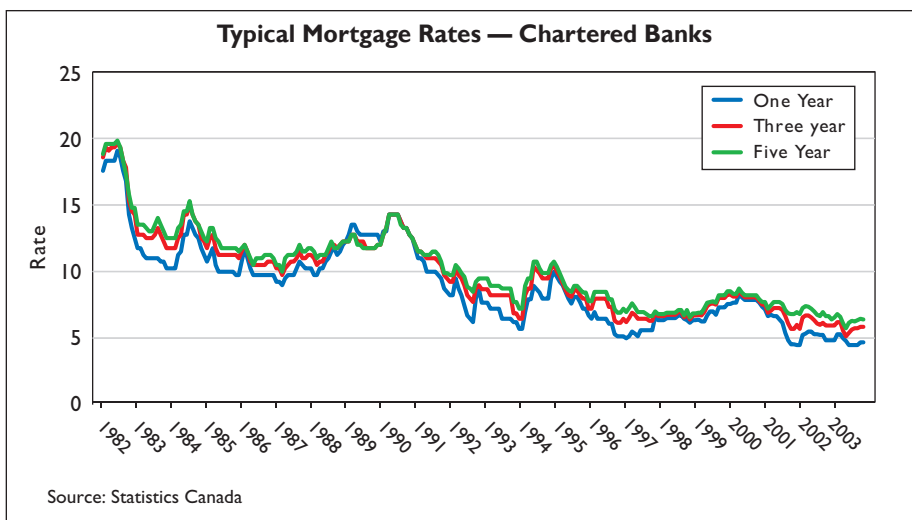
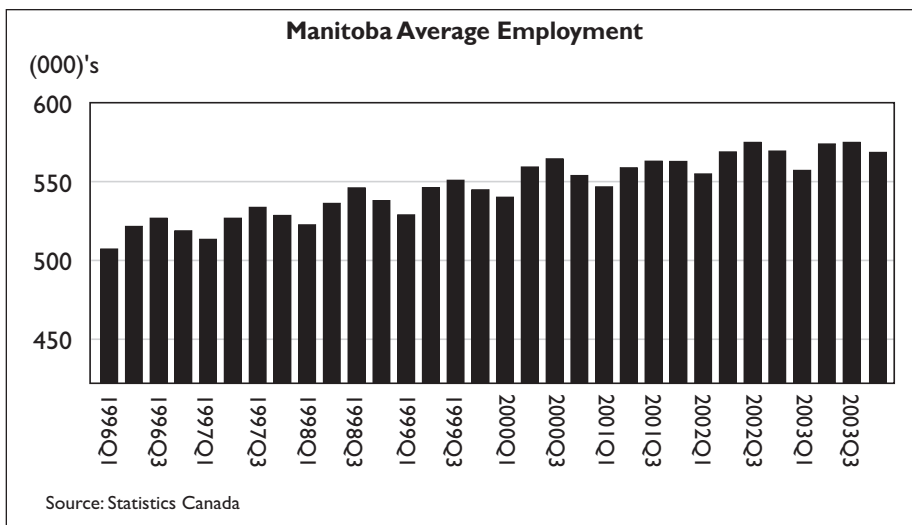
The total supply of housing units in urban centres, including homes under construction as well as those completed and unoccupied, has climbed by 36 per cent at the end of 2003 compared to the end of 2002. The jump in multiple-family activity has contributed to this increase in supply as the number of units under construction at the end of 2003 has doubled in comparison to 2002.

Absorptions are up in both single-family and multiple-family markets with overall absorptions this past quarter being 16 per cent greater than the fourth quarter of 2002. The most popular price range for new single-family housing in the fourth quarter of 2003 continued to be the \$150,000 to \$199,999 price range, capturing 44 per cent of market share. This is down from the 47 per cent of market share captured by this price range in the fourth quarter of 2002. Homes priced over \$200,000 continue to gain market share, now taking 45 per cent of all absorptions in the fourth quarter of 2003 compared to 39 per cent in the same period one year earlier.

Provincial Employment Gains Modest

Manitoba Employment gains were weak in 2003. At the end of the year, total employment grew by only one-third of one per cent, representing an additional 1,600 employed. Gains were stronger in the service-producing sector than the goods-producing sector which was affected by losses in the mining sector. Manitoba's 2003 unemployment rate of five per cent is over two and one half points behind the national average of 7.6 per cent. This suggests the Manitoba economy is operating close to full employment.

The tight labour market has led to fewer Manitobans leaving the province to seek job opportunities. The improvement in inter-provincial net migration combined with positive net international migration means that overall net migration levels will become positive and contribute to population and household growth in the long term.



Mortgage Rate to Remain Historically Low

The moderate pace of economic growth and inflation means the Bank of Canada will keep the overnight rate target (its administered policy interest rate) low over the next few months. As the U.S. economy strengthens and interest rates south of the border begin rising this year, Canadian interest rates will also rise in an effort to keep inflation stable and to preserve the value of the currency. However, the extent of monetary policy decisions going forward will be influenced by domestic considerations such as the pace of economic growth, inflation rates, and the value of the Canadian dollar, as well as geopolitical risks, the economic performance of the U.S., and other unforeseeable international and domestic events.

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. Therefore low interest rates in those markets call for posted mortgage rates to stay low over the next few quarters. One, three and five-year posted closed mortgage rates are expected to remain relatively flat over the short term, perhaps rising by 25 basis points. Over the longer term these rates will begin to increase by 50-75 basis points and are expected to be in the 4.50-5.25, 5.75-6.50, and 6.25-7.25 per cent range respectively.

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Table I
PROVINCE OF MANITOBA
STARTS ACTIVITY BY AREA - 4TH QUARTER 2003

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	SEMI	ROW	APT	2003	2002	
WINNIPEG CMA	411	361	16	8	317	752	399	88.47
WINNIPEG CITY	314	266	16	4	317	651	304	**
BRANDON CA	34	26	0	0	30	64	77	-16.88
PORTAGE LA PRAIRIE CA	5	5	0	0	0	5	5	0.00
ST.ANDREWS CA	25	16	0	0	0	25	16	56.25
THOMPSON CA	3	1	0	0	0	3	1	**
MANITOBA (URBAN)	478	409	16	8	347	849	498	70.48
MANITOBA (RURAL)	421	374	2	0	46	469	440	6.59
MANITOBA (TOTAL)	899	783	18	8	393	1318	938	40.51

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

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	SEMI	ROW	APT	2003	2002	
WINNIPEG CMA	1641	1528	48	36	705	2430	1821	33.44
WINNIPEG CITY	1259	1117	48	32	705	2044	1410	44.96
BRANDON CA	114	99	2	6	46	168	180	-6.67
PORTAGE LA PRAIRIE CA	24	21	0	0	0	24	85	-71.76
ST.ANDREWS CA	65	80	0	0	0	65	80	-18.75
THOMPSON CA	3	1	0	0	0	3	1	**
MANITOBA (URBAN)	1847	1729	50	42	751	2690	2167	24.13
MANITOBA (RURAL)	1318	1287	38	20	140	1516	1450	4.55
MANITOBA (TOTAL)	3165	3016	88	62	891	4206	3617	16.28

** indicates a greater than 100 per cent change

Table 2
MANITOBA HOUSING COMPLETIONS BY AREA
4TH QUARTER 2003

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	SEMI	ROW	APT	2003	2002	
WINNIPEG CMA	413	328	14	3	96	526	374	40.64
WINNIPEG CITY	288	211	14	3	96	401	257	56.03
BRANDON CA	41	29	0	6	34	81	52	55.77
PORTAGE LA PRAIRIE CA	7	7	0	0	0	7	17	-58.82
ST.ANDREWS CA	22	14	0	0	0	22	14	57.14
THOMPSON CA	0	10	0	0	0	0	10	**
MANITOBA (URBAN)	484	378	14	9	130	637	457	39.39
MANITOBA (RURAL)	257	444	19	0	30	306	486	-37.04
MANITOBA (TOTAL)	741	822	33	9	160	943	943	0.00

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

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	SEMI	ROW	APT	2003	2002	
WINNIPEG CMA	1635	1293	36	26	252	1949	1585	22.97
WINNIPEG CITY	1248	930	36	26	252	1562	1222	27.82
BRANDON CA	117	90	0	6	97	220	133	65.41
PORTAGE LA PRAIRIE CA	24	26	0	4	47	75	45	66.67
ST.ANDREWS CA	77	61	0	0	0	77	61	26.23
THOMPSON CA	2	1	0	0	0	2	1	**
MANITOBA (URBAN)	1855	1471	36	36	396	2323	1825	27.29
MANITOBA (RURAL)	1148	1395	56	37	107	1348	1481	-8.98
MANITOBA (TOTAL)	3003	2866	92	73	503	3671	3306	11.04

** 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 - 4TH 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	12	12	28	198	108	93	451
WINNIPEG CITY	6	7	15	148	92	54	322
RURAL MUNICIPALITIES	6	5	13	50	16	39	129

Table 3b
PROVINCE OF MANITOBA - CENTRES OF 50,000 POPULATION AND OVER
SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - 4TH 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	12	3	38	173	73	69	368
WINNIPEG CITY	7	2	25	112	61	43	250
RURAL MUNICIPALITIES	5	1	13	61	12	26	118

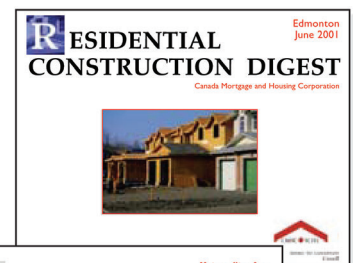
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JUNE 2001 Metropolitan Area
 Single Family Housing Starts by Zone and House Type for the Current Month

Zone	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Edmonton	1,200	1,100	1,000	900	800	700	600	500	400	300	200	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Calgary	800	750	700	650	600	550	500	450	400	350	300	250	200	150	100	100	100	100	100	100	100	100	100	100	100	100
Winnipeg	400	350	300	250	200	150	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Other	200	150	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Total	2,600	2,350	2,100	1,900	1,700	1,500	1,300	1,100	1,000	900	800	700	600	500	400	400	400	400	400	400	400	400	400	400	400	400

CANADA MORTGAGE AND HOUSING CORPORATION

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

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	SEMI	ROW	APT	2003	2002	
WINNIPEG CMA	661	655	18	18	658	1355	898	50.89
WINNIPEG CITY	471	460	18	14	658	1161	703	65.15
BRANDON	13	16	2	0	0	15	67	-77.61
PORTAGE LA PRAIRIE CA	8	8	0	0	0	8	59	-86.44
ST.ANDREWS CA	19	31	0	0	0	19	31	-38.71
THOMPSON	2	1	0	0	0	2	1	**
MANITOBA (URBAN)	703	711	20	18	658	1399	1056	32.48
MANITOBA (RURAL)	568	398	8	0	100	676	508	33.07
MANITOBA (TOTAL)	1271	1109	28	18	758	2075	1564	32.67

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

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	SEMI	ROW	APT	2003	2002	
WINNIPEG CMA	129	90	4	3	70	206	124	66.13
CITY ONLY	108	70	4	3	70	185	102	81.37
RURAL MUNICIPALITIES	21	20	0	0	0	21	22	-4.55



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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										
4th Quarter 2003	478	16	0	4	177	4	170	0	0	849
4th Quarter 2002	409	6	0	0	0	4	79	0	0	498
Year-To-Date 2003	1847	50	0	32	298	10	453	0	0	2690
Year-To-Date 2001	1729	28	7	9	81	28	285	0	0	2167
UNDER CONSTRUCTION										
2003	703	20	0	14	307	4	351	0	0	1399
2002	711	6	0	12	73	4	250	0	0	1056
COMPLETIONS										
4th Quarter 2003	484	14	0	3	40	6	90	0	0	637
4th Quarter 2002	378	16	0	0	45	12	6	0	0	457
Year-To-Date 2002	1855	36	0	30	40	6	356	0	0	2323
Year-To-Date. 2001	1471	50	3	34	60	24	99	0	84	1825
COMPLETED & NOT ABSORBED²										
2003	129	4	0	3	8	0	62	0	0	206
2002	90	4	0	14	0	0	0	0	16	124
TOTAL SUPPLY³										
2003	832	24	0	17	315	4	413	0	0	1605
2002	801	10	0	26	73	4	250	0	16	1180
ABSORPTIONS²										
4th Quarter 2003	452	16	0	9	32	6	45	0	0	560
4th Quarter 2002	406	15	0	1	45	8	6	0	0	481
12-month Average	133	3	0	3	3	1	16	0	1	160

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.

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