

# H

# HOUSING NOW

London

YOUR LINK TO THE HOUSING MARKET

## New Homes

Canada Mortgage and Housing Corporation

### 3rd Quarter housing starts top 1,000 units

There were 558 single-detached new homes started in the London CMA (census metropolitan area) during the 3rd quarter, just 8 fewer units than last year but up sharply from the average of about 400 singles recorded in the 3rd quarter between 1998 and 2001. Single starts are now just 9 per cent off 2002's robust performance.

Two high rise rental apartment buildings, 220 and 160 units respectively, reached the start stage in Q3:2003. This boosted total starts to 1,034 units in the quarter and to 2,447 units for the year, an increase of 20 per

cent. Rental apartment starts have now hit 837 units up from an annual total of 318 units last year and the less than 200 per year average between 1995 and 2001. These units are targeted at the mid to upper end of the market with projects in the core area, northwest and southwest London.

Continuing low mortgage rates, stable employment and positive consumer sentiment helped produce exceptionally strong Q3 sales of existing homes in the London & St. Thomas Real Estate Board area of Elgin-Middlesex. The upturn in the resale market confirms that demand for home ownership remains strong while creating spill-over demand in the new home market. The average

ISSUE 20  
THIRD QUARTER 2003

### IN THIS ISSUE

#### New Homes

- 1 New home demand strong
- 2 Location map of single starts
- 3 London CMA activity
- 4 Starts and prices by area
- 5 Home sales by price range

#### Resale Market

- 6 Surge in existing sales

#### Economic Indicators

- 7 Employment stable, mortgage rates lower, consumer confidence solid

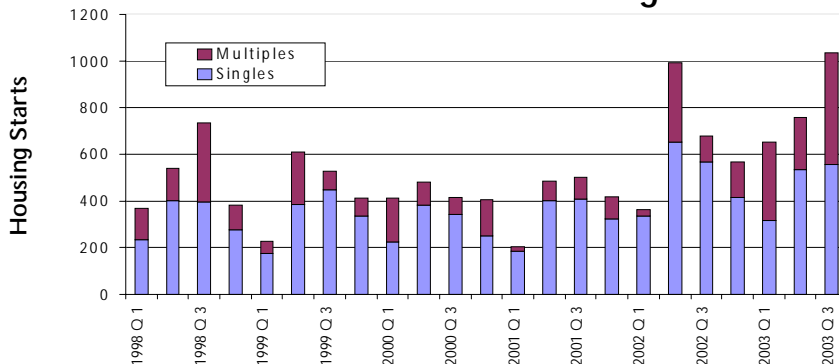
#### Rental Market Survey

- 8 Release date Nov. 26, 2003

MLS sales price YTD was up 7.3 per cent on the heels of a 3.7 per cent rise in 2002, both well above the inflation rate of 2-3 per cent.

Northeast London continues as the most active new home market with 247 singles started in 2003 followed closely by 209 units in West London. The average new home price in the London CMA is up 9.9% or more than \$20,000 to \$229,301. Sales above \$250,000 accounted for in excess of 27% of total single sales.

### London CMA Housing Starts



Ken Sumnall

CMHC Market Analysis, London Office

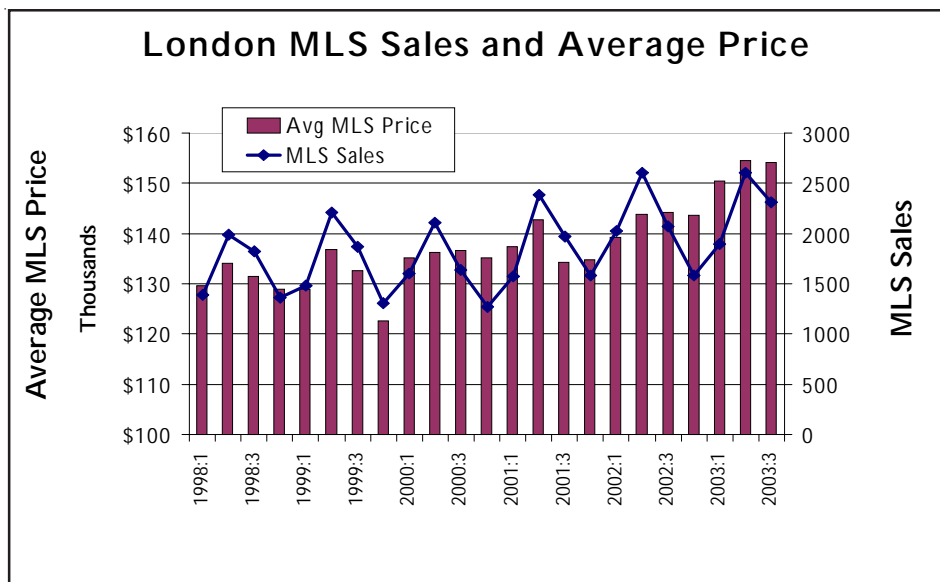
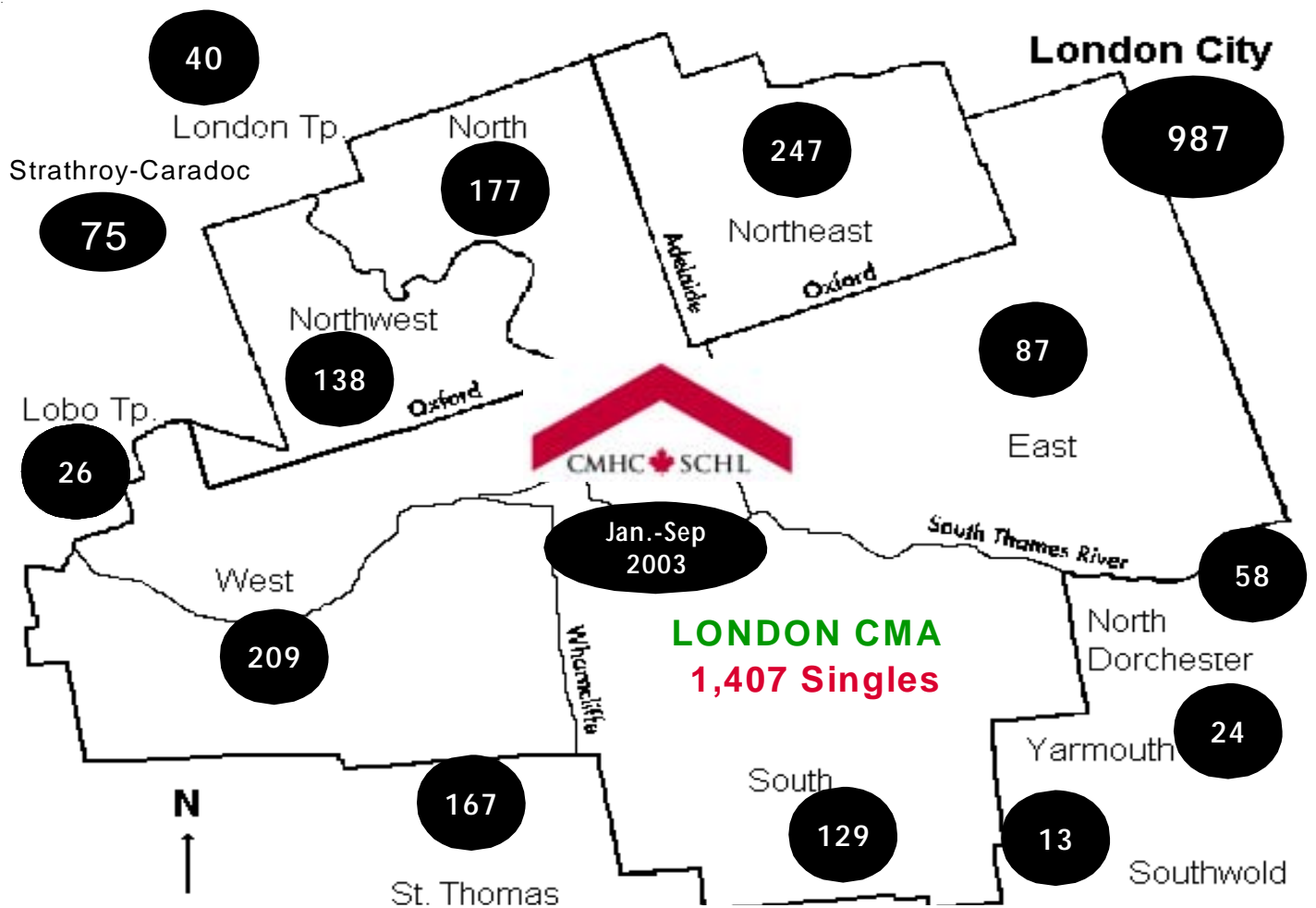
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HOME TO CANADIANS  
Canada

# WHERE'S THE HAMMERING BY SUB-MARKET



The map above shows the location of single-detached new home starts in the City of London and surrounding markets which comprise the London metropolitan area. To the end of the 3rd quarter, 70% of the singles were started in London. There are a small number of starts in Belmont, Port Stanley, Delaware and West Nissouri not shown.



## Table 1: Housing Activity Summary for London CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	*SINGLE	FREEHOLD *SEMI	ROW	CONDOMINIUM ROW	APT	ROW	APT	
<b>STARTS</b>								
Q3 2003	558	16	4	52	0	24	380	1,034
Q3 2002	566	12	14	83	0	0	4	679
% Change	-1.0%	33.0%	-71.0%	-37.0%	NA	NA	**	52.0%
Year-to-date 2003	1,407	20	35	124	0	24	837	2,447
Year-to-date 2002	1,553	20	33	181	0	9	240	2,036
% Change	-9.0%	0.0%	6.0%	-31.0%	NA	167.0%	**	20.0%
<b>UNDER CONSTRUCTION</b>								
September 2003	637	22	35	181	0	24	1,041	1,940
September 2002	673	16	14	175	0	0	224	1,102
<b>COMPLETIONS</b>								
Q3 2003	538	2	6	40	0	0	72	658
Q3 2002	590	6	16	56	0	9	16	693
% Change	-9.0%	-67.0%	-63.0%	-29.0%	NA	-100.0%	**	-5.0%
Year-to-date 2003	1,287	12	21	158	0	0	94	1,572
Year-to-date 2002	1,303	14	22	112	0	23	66	1,540
% Change	-1.0%	-14.0%	-5.0%	41.0%	NA	-100.0%	42.0%	2.0%
<b>COMPLETE &amp; NOT ABSORBED</b>								
September 2003	53	0	5	18	0	0	1	77
September 2002	83	1	4	48	0	0	6	142
<b>ABSORPTIONS</b>								
Q3 2003	554	3	7	67	0	0	72	703
Q3 2002	611	8	12	40	0	17	32	720
% Change	-9.3%	-62.5%	-41.7%	67.5%	NA	-100.0%	125.0%	-2.4%
Year-to-date 2003	1,299	12	20	184	0	0	98	1,613
Year-to-date 2002	1,323	16	23	155	0	28	124	1,669
% Change	-1.8%	-25.0%	-13.0%	18.7%	NA	-100.0%	-21.0%	-3.4%

\*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		
	Q3 2002	Q3 2003	% change	Q3 2002	Q3 2003	% change	Q3 2002	Q3 2003	% change
<b>London CMA</b>	566	558	-1.4%	113	476	321.2%	679	1034	52.3%
London City	404	386	-4.5%	93	466	401.1%	497	852	71.4%
St. Thomas City	80	72	-10.0%	0	0	NA	80	72	-10.0%
Central Elgin	6	11	83.3%	5	7	40.0%	11	18	63.6%
Middlesex Centre	22	31	40.9%	13	1	-92.3%	35	32	-8.6%
Southwold Twp.	8	7	-12.5%	0	0	NA	8	7	-12.5%
Strathroy-Caradoc Twp.	26	26	0.0%	2	2	0.0%	28	28	0.0%
Thames Centre	20	25	25.0%	0	0	NA	20	25	25.0%

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
<b>London CMA</b>	1553	1407	-9.4%	483	1040	115.3%	2,036	2,447	20.2%
London City	1081	987	-8.7%	455	1018	123.7%	1,536	2,005	30.5%
St. Thomas City	187	167	-10.7%	5	0	-100.0%	192	167	-13.0%
Central Elgin	42	25	-40.5%	5	10	100.0%	47	35	-25.5%
Middlesex Centre	78	80	2.6%	16	8	-50.0%	94	88	-6.4%
Southwold Twp.	17	13	-23.5%	0	0	NA	17	13	-23.5%
Strathroy-Caradoc Twp.	85	75	-11.8%	2	4	100.0%	87	79	-9.2%
Thames Centre	63	60	-4.8%	0	0	NA	63	60	-4.8%

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

Sub Market Area	Q3 2002	Q3 2003	% Change	YTD 2002	YTD 2003	% Change
<b>CMA</b>	\$214,085	\$233,543	9.1%	\$208,731	\$229,301	9.9%
London City	\$226,362	\$241,725	6.8%	\$216,649	\$238,015	9.9%
St. Thomas City	\$169,719	\$178,755	5.3%	\$174,939	\$183,804	5.1%
Central Elgin	\$192,811	\$205,444	6.6%	\$198,865	\$223,895	12.6%
Middlesex Centre	\$224,645	\$279,914	24.6%	\$240,243	\$261,429	8.8%
Southwold Twp.	\$185,833	\$181,000	-2.6%	\$175,143	\$212,000	21.0%
Strathroy-Caradoc Twp.	\$167,235	\$171,577	2.6%	\$165,145	\$176,139	6.7%
Thames Centre	\$230,999	\$218,725	-5.3%	\$250,906	\$244,506	-2.6%

Source: CMHC

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

Note: Municipal amalgamations resulted in the creation of the Municipality of Central Elgin (formerly Belmont, Port Stanley and Yarmouth Township); the Municipality of Thames Centre (formerly the Townships of North Dorchester and West Nissouri); and, the Township of Middlesex Centre (formerly the Townships of Delaware, Lobo, and London). The amalgamated centre of Strathroy-Caradoc Township was first surveyed as component of the London Census Metropolitan Area (CMA) in 2002. The change in the components of the London CMA was based on the results of the 2001 Census of Canada.

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

AREA	PRICE RANGES										TOTAL
	<\$150,000		\$150 -174,999		\$175-249,999		\$250-\$299,999		\$300,000+		
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
<b>London CMA</b>											
Q3 2003	40	7.2%	92	16.6%	251	45.3%	82	14.8%	89	16.1%	554
Q3 2002	89	14.6%	102	16.8%	272	44.7%	91	15.0%	54	8.9%	608
YTD 2003	110	8.5%	218	16.8%	615	47.3%	188	14.5%	168	12.9%	1299
YTD 2002	199	15.1%	258	19.5%	589	44.6%	166	12.6%	109	8.3%	1321
<b>London City</b>											
Q3 2003	24	5.8%	61	14.8%	186	45.0%	65	15.7%	77	18.6%	413
Q3 2002	49	11.8%	61	14.7%	180	43.3%	75	18.0%	51	12.3%	416
YTD 2003	68	7.4%	132	14.3%	436	47.3%	149	16.2%	137	14.9%	922
YTD 2002	110	12.6%	153	17.5%	392	44.8%	131	15.0%	89	10.2%	875
<b>St. Thomas City</b>											
Q3 2003	11	22.4%	16	32.7%	19	38.8%	2	4.1%	1	2.0%	49
Q3 2002	21	32.8%	20	31.3%	19	29.7%	3	4.7%	1	1.6%	64
YTD 2003	26	19.0%	40	29.2%	59	43.1%	6	4.4%	6	4.4%	137
YTD 2002	49	31.0%	42	26.6%	55	34.8%	8	5.1%	4	2.5%	158
<b>Central Elgin</b>											
Q3 2003	0	0.0%	0	0.0%	8	88.9%	1	11.1%	0	0.0%	9
Q3 2002	2	9.1%	1	4.5%	18	81.8%	1	4.5%	0	0.0%	22
YTD 2003	0	0.0%	0	0.0%	14	73.7%	4	21.1%	1	5.3%	19
YTD 2002	2	4.7%	8	18.6%	28	65.1%	2	4.7%	3	7.0%	43
<b>Middlesex Centre</b>											
Q3 2003	0	0.0%	1	2.8%	15	41.7%	10	27.8%	10	27.8%	36
Q3 2002	0	0.0%	2	6.5%	21	67.7%	7	22.6%	1	3.2%	31
YTD 2003	0	0.0%	1	1.4%	38	55.1%	16	23.2%	14	20.3%	69
YTD 2002	0	0.0%	4	5.7%	42	60.0%	16	22.9%	8	11.4%	70
<b>Southwold Twp.</b>											
Q3 2003	1	20.0%	3	60.0%	0	0.0%	0	0.0%	1	20.0%	5
Q3 2002	2	33.3%	0	0.0%	4	66.7%	0	0.0%	0	0.0%	6
YTD 2003	7	41.2%	4	23.5%	3	17.6%	0	0.0%	3	17.6%	17
YTD 2002	7	50.0%	2	14.3%	4	28.6%	0	0.0%	1	7.1%	14
<b>Strathroy-Caradoc Twp.</b>											
Q3 2003	4	15.4%	10	38.5%	12	46.2%	0	0.0%	0	0.0%	26
Q3 2002	15	30.6%	18	36.7%	14	28.6%	1	2.0%	1	2.0%	49
YTD 2003	9	10.8%	39	47.0%	32	38.6%	1	1.2%	2	2.4%	83
YTD 2002	31	27.4%	49	43.4%	30	26.5%	1	0.9%	2	1.8%	113
<b>Thames Centre</b>											
Q3 2003	0	0.0%	1	6.3%	11	68.8%	4	25.0%	0	0.0%	16
Q3 2002	0	0.0%	0	0.0%	16	80.0%	4	20.0%	0	0.0%	20
YTD 2003	0	0.0%	2	3.8%	33	63.5%	12	23.1%	5	9.6%	52
YTD 2002	0	0.0%	0	0.0%	38	79.2%	8	16.7%	2	4.2%	48

Source: CMHC

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

Table 5: Resale Housing Activity for London & St. Thomas Real Estate Board

		Number of Sales	Yr/Yr %	Sales SAAR	Number of New Listings	New Listings SAAR	Sales-to-New Listings SA	Average Price (\$)	Yr/Yr %	Average Price (\$) SA
2002	January	513	47.0%	9,300	1,168	13,100	70.8	\$133,181	1.3%	\$135,221
	February	732	33.8%	9,100	1,145	13,100	69.4	\$145,681	2.2%	\$142,976
	March	779	15.1%	8,400	1,184	12,700	66.6	\$137,265	0.7%	\$136,380
	April	956	29.5%	8,600	1,443	13,400	64.0	\$142,173	2.2%	\$139,623
	May	872	4.1%	7,800	1,326	12,900	60.9	\$147,468	3.1%	\$144,290
	June	779	-3.1%	7,800	1,062	12,300	63.6	\$141,981	-2.6%	\$140,591
	July	759	9.2%	7,800	1,182	12,800	61.2	\$144,933	3.9%	\$145,355
	August	710	2.6%	8,200	1,025	13,000	62.8	\$141,908	8.1%	\$144,120
	September	605	4.3%	8,100	996	12,800	63.7	\$145,596	10.7%	\$146,491
	October	617	4.6%	8,000	1,079	14,400	55.9	\$144,323	5.7%	\$147,828
	November	577	3.4%	8,500	789	12,300	69.1	\$141,214	8.0%	\$146,184
	December	391	-10.1%	7,700	508	12,100	63.8	\$145,740	5.7%	\$145,489
2003	January	504	-1.8%	9,500	1,013	11,700	81.0	\$147,527	10.8%	\$149,034
	February	641	-12.4%	8,000	1,020	11,900	67.2	\$148,486	1.9%	\$144,708
	March	749	-3.9%	8,100	1,242	12,900	63.1	\$153,924	12.1%	\$152,431
	April	888	-7.1%	7,900	1,303	12,400	63.7	\$150,488	5.8%	\$151,319
	May	859	-1.5%	8,000	1,378	13,200	60.7	\$156,732	6.3%	\$152,214
	June	853	9.5%	8,500	1,153	13,000	65.5	\$156,328	10.1%	\$155,540
	July	920	21.2%	9,500	1,350	14,300	66.6	\$153,509	5.9%	\$148,023
	August	700	-1.4%	8,400	970	12,900	64.9	\$155,500	9.6%	\$157,896
	September	694	14.7%	8,700	1,142	13,500	64.3	\$153,267	5.3%	\$153,108
	October									
	November									
	December									
Q3 2002	2,074	5.4%	8,036	3,203	3,211	0.6	\$144,091	7.4%	\$145,319	
Q3 2003	2,314	11.6%	8,900	3,462	3,395	0.7	\$154,039	6.9%	\$152,801	
YTD 2002	7,322	12.5%		11,610			\$142,706	3.2%		
YTD 2003	6,808	-7.0%		10,571			\$153,185	7.3%		

	Annual Sales	Yr/Yr %		Annual New Listings	Yr/Yr %		Annual Average Price	Yr/Yr %	
1993	5,966	-8.0%		15,511	0.1%		\$135,594	-2.0%	
1994	5,954	-0.2%		16,107	3.8%		\$135,597	0.0%	
1995	5,510	-7.5%		15,843	-1.6%		\$128,643	-5.1%	
1996	6,906	25.3%		16,421	3.6%		\$129,338	0.5%	
1997	6,454	-6.5%		15,784	-3.9%		\$131,382	1.6%	
1998	6,562	1.7%		15,258	-3.3%		\$131,299	-0.1%	
1999	6,864	4.6%		13,661	-10.5%		\$131,254	0.0%	
2000	6,616	-3.6%		13,598	-0.5%		\$135,857	3.5%	
2001	7,503	13.4%		13,434	-1.2%		\$137,717	1.4%	
2002	8,290	10.5%		12,907	-3.9%		\$142,745	3.7%	

Source: Canadian Real Estate Association

Table 6: Economic Indicators

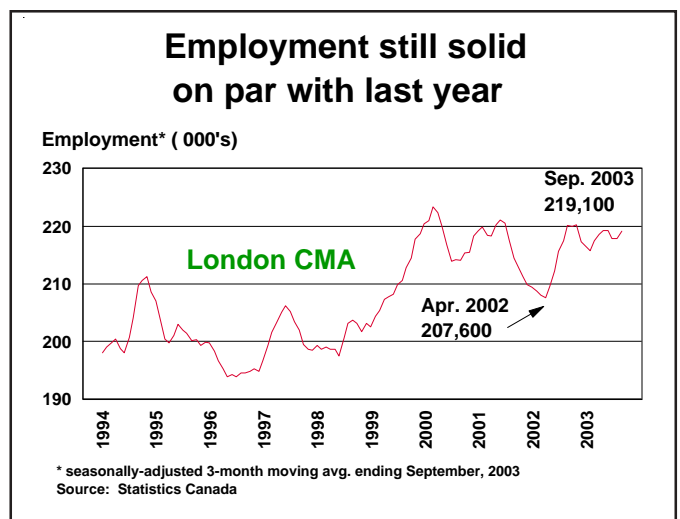
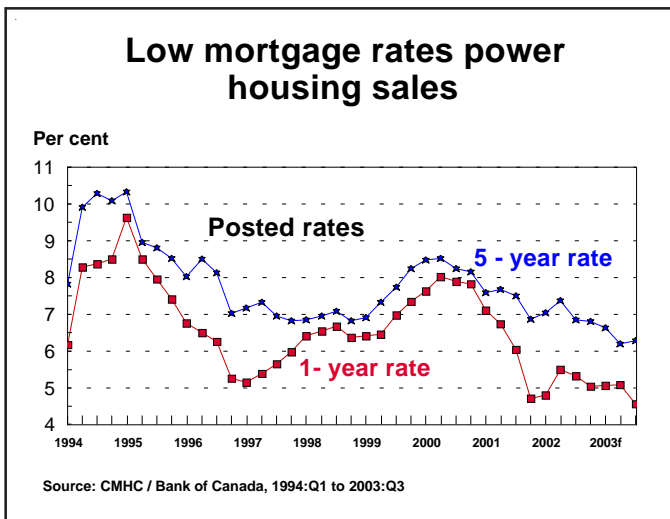
		Interest and Exchange Rates			Inflation Rate	NHPI**** % chg.	London CMA Labour Market			
		P & I*	Mortgage Rate		Ontario	London CMA	Employment	Employment	Unemployment	
		Per \$100,000	1 Yr. Term	5 Yr. Term	(\$US/\$Cdn)	1996=100	1997=100	SA** (,000)	SA m/m (%)	Rate (%) SA
2002	January	\$700.42	4.6%	7.0%	0.630	1.2%	3.8%	209.4	-0.2%	7.0%
	February	\$691.18	4.6%	6.9%	0.624	1.4%	3.5%	208.8	-0.3%	6.9%
	March	\$719.04	5.3%	7.3%	0.627	1.9%	2.9%	208.1	-0.3%	7.0%
	April	\$728.42	5.4%	7.5%	0.638	1.4%	2.4%	207.6	-0.2%	7.3%
	May	\$725.28	5.6%	7.4%	0.654	0.8%	2.2%	209.6	1.0%	7.5%
	June	\$715.92	5.6%	7.3%	0.660	1.2%	2.6%	212.2	1.2%	7.7%
	July	\$703.51	5.4%	7.1%	0.632	2.1%	2.4%	215.6	1.6%	7.5%
	August	\$688.11	5.4%	6.8%	0.642	2.9%	2.5%	217.4	0.8%	7.1%
	September	\$681.99	5.3%	6.7%	0.630	2.3%	2.6%	220.1	1.2%	6.8%
	October	\$700.42	5.3%	7.0%	0.642	2.8%	3.8%	220.0	0.0%	6.6%
	November	\$681.99	4.9%	6.7%	0.639	3.8%	2.3%	220.3	0.1%	6.3%
	December	\$681.99	4.9%	6.7%	0.634	2.8%	2.8%	217.3	-1.4%	6.4%
2003	January	\$666.80	4.9%	6.5%	0.657	4.3%	2.6%	216.6	-0.3%	6.6%
	February	\$675.90	4.9%	6.6%	0.674	4.4%	3.3%	215.8	-0.4%	6.9%
	March	\$691.18	5.4%	6.9%	0.681	3.3%	4.7%	217.5	0.8%	6.7%
	April	\$678.94	5.4%	6.7%	0.698	2.3%	5.0%	218.6	0.5%	6.8%
	May	\$648.75	5.1%	6.2%	0.731	2.7%	5.5%	219.2	0.3%	6.9%
	June	\$627.97	4.9%	5.8%	0.742	2.5%	4.9%	219.3	0.0%	6.7%
	July	\$651.74	4.6%	6.2%	0.712	1.9%	5.3%	217.9	-0.6%	6.3%
	August	\$660.76	4.6%	6.4%	0.722	1.7%	5.1%	217.8	0.0%	6.6%
	September	\$657.75	4.6%	6.3%	0.741	2.2%		219.1	0.6%	7.1%
	October									
	November									
	December									

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

\*\* Seasonally Adjusted

\*\*\* New Housing Price Index

Sources: CMHC, Statistics Canada, Bank of Canada



## 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, NHPI, CPI, and Inflation Rate** can be found in the Statistics Canada website - <http://www.statcan.ca>

## 2003 RENTAL MARKET SURVEY RESULTS

Wednesday morning, November 26, 2003

### CMHC releases the results of its annual October survey of vacancies and rents

To keep ahead of your competition, subscribe to the annual **FastFax** and receive summarized Rental Market Survey results the day they are released. This companion piece to the **Rental Market Report** is available for all 10,000+ urban centres in Canada. Get vacancy rates, average rents and supply data in each FastFax, with survey results available for more than 50 Ontario centres in 27 FastFax reports.

To place your order for a FastFax or Rental Market Report or to receive an order form by Fax or electronically in PDF format please call **1-800-493-0059**.

An 8-16 page **Rental Market Report** is prepared for each metropolitan market area. Each report gives you the latest trends in vacancy rates, average rents and the rate of change at the sub-market level. Results are presented for apartment buildings with three or more rental units as well as row housing developments. The annual reports provide analysis and forecasts and a wide-range of tables. These reports are available before year end.

### New FREE Rental Product in 2003

Receive a copy of the Ontario Rental Apartment Market Advisor, a highlight summary report of vacancy rates and average rents for two bedroom units for all centres in Ontario. This report will only be available in electronic PDF file format.





# F

# ORECAST

London

# SUMMARY

Canada Mortgage and Housing Corporation

## Resale Market

### Prices and sales solid through 2004

Existing home sales blossomed during the summer months in the London and St. Thomas Real Board (LSTREB) territory. Brisk sales continued into the fourth quarter, bringing to a successful close the third consecutive year that sales eclipsed the record set in the previous year. This unprecedented performance derived its impetus from low mortgage rates; strong consumer sentiment; and, high employment levels accompanied by rising net migration levels to the London CMA (census metropolitan area).

The increase in sales from 7,307 in 2001 to 8,097 existing home sales last year and a

projected 8,150 sales in 2003 has reduced inventories of homes available for sale to about one half of the levels in the mid to late 1990s. The result from rising demand relative to supply was a 4 per cent increase in the average price in 2002 and more than 7 per cent rise in 2003. The ratio of monthly sales (demand) to new listings (supply) remains above 60%, another indicator of Sellers' market conditions.

MLS\* Res+ Condo sales near \$1.25-billion

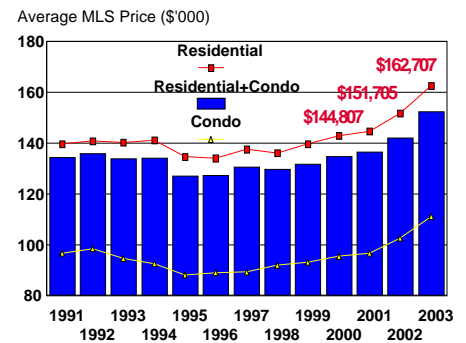
2004 will see a modest 5 per cent pull back to 7,725 sales as low inventories act to constrain sales and the market enters the mature phase of the current housing cycle. Price increases will continue to outpace general inflation with the average price up another 3-4 per cent.

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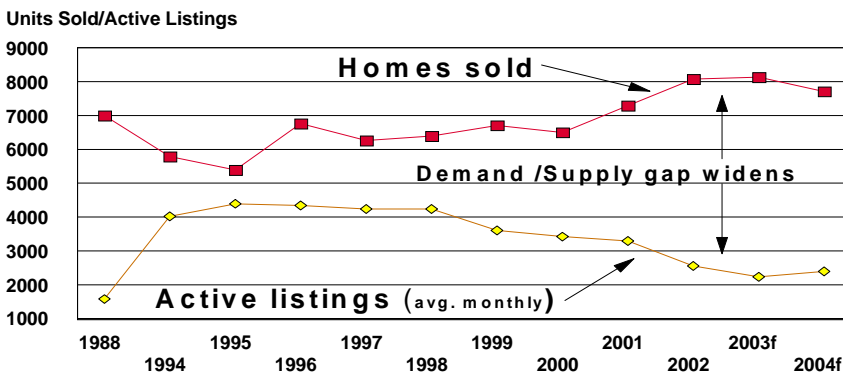
### IN THIS ISSUE

- 1 Existing home sales soar
- 2 New construction strong
- 3 Rental apartment and retirement home surveys
- 3 Economic Conditions
- 4 Housing Outlook 2004

### Prices continue to climb



### 2003 marks 3rd record-breaking year for existing home sales



In recent years, the share of condominium apartment and row house sales has been increasing. In 1996-98 they comprised 15% of sales rising to 17% in 1999-01 and almost 20% in 2002 before topping 20% in 2003. And if we were to just look at sales in London City

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

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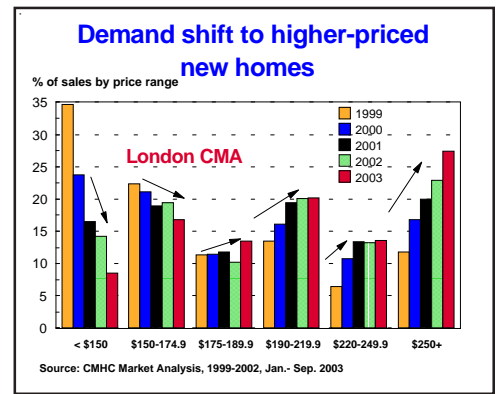


HOME TO CANADIANS  
 Canada

where almost all the condominium units and about two thirds of total sales take place, condo sales would represent 25 per cent of activity. This trend reflects both the growing presence of empty nester households as well as the entry of first-time buyers into the market as lower cost financing offset higher prices. During the past two years the average selling price for condominiums increased 5.9% in 2002 and is on pace for an increase of almost 9 per cent in 2003, moving the average price up from \$96,800 in 2001 to more than \$111,000 in 2003. The entry-level condominium market is not expected to be as brisk in 2004 as many buyers have already entered the market.

### Higher priced new homes

New home prices as measured by Statistics Canada's New Housing Price Index should increase around 4.5% in 2003 and a further 3.0% in 2004. However, what is more noteworthy in the London and area market is the pronounced shift to sales of higher priced homes. Home sales above \$250,000 are moving closer to 30% of the market compared to less than 12% in 1999 while sales under \$150,000 have dropped from a 35% market share to less than 1 in 10 home sales. As a result, the average sales price has moved near to \$230,000 in 2003, up almost 8% from \$213,000 in 2002. This reflects the

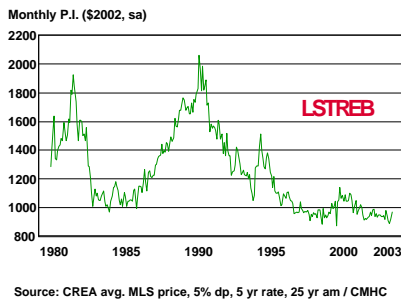


perhaps reflecting a different demographic and relative land cost and the construction of single-detached bungalows and condos to a greater extent than in London where bungalow-style row units target the empty-nester market.

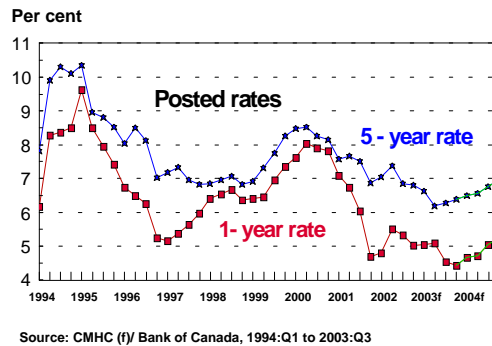
### Empty Nesters

For two consecutive census periods, 2001-2006 and 2006-2011 household growth will be dominated by the 55-64 year age group (on average more than 1,000 per year). These households have the income to make a lifestyle choice which could range from moving to a luxury rental apartment; locating to an adult/golf community; or purchasing a one floor home. This is in part why we have seen the development of six high rise apartment buildings in London. The 1,041 mid to luxury end units should all be on stream by late summer 2004. In the row house condo sector three-quarters of sales were in the \$180,000+ price range. There will be continuing growth in single-detached condos and land condo developments to meet the varying demands of 55+ age group.

### Improved housing affordability expands market options



### Low mortgage rates power housing sales



impact of rising prices; more repeat buyers; and the power of lower financing costs on the ability to 'buy more home'.

There is also a shift back to two-storey homes in London from about 50% of sales in 2000 to more than 60% in 2003. Meanwhile in St. Thomas one-floor homes were favoured 2:1 over two-storey,

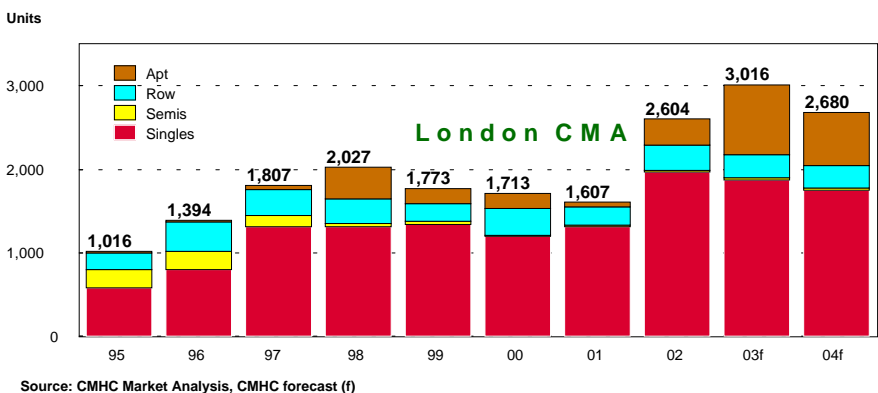
# New Home Market

## Starts set to top 3,000 units

Total housing starts in the London metropolitan region will top 3,000 units for the first time since 1989. A second consecutive year of above-average single-detached new home starts with 1,875 units forecast by year end and 837 rental apartment units combined to produce the strong performance. The economic fundamentals are in place, high employment levels and low mortgage rates to ensure another solid year for home ownership demand in 2004 at the 1,750 singles start level.

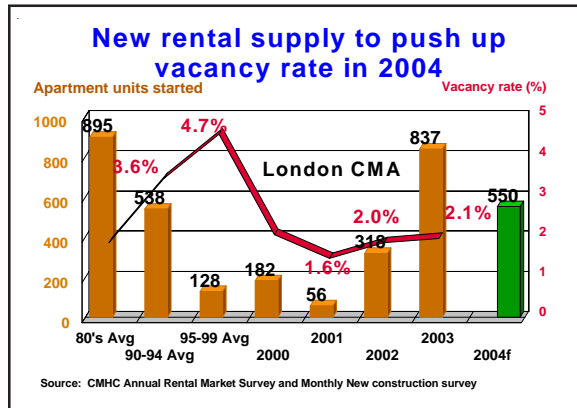
Servicing continues to open up new areas in the annexed areas of London, pushing up the share of single-detached starts in London to 70% with 12% in St. Thomas. Activity is particularly robust in London's Northeast (east of Adelaide, north of Huron); across the North end of the city; and in West London.

### Apartment starts boost totals



## Rental vacancies up slightly

The rental apartment vacancy rate moved slightly higher to 2.1% in October 2003 from 2.0% in 2002. The current rate is up from the low of 1.6% in 2001 but significantly lower than the record high 6.0% in 1996. Rising home ownership demand helped push up the row rental vacancy rate from 1.7% to 3.9%. New supply and continuing solid demand for home ownership will be



factors pushing up the apartment vacancy rate in 2004. Rental starts will be at a lower level in 2004 and should include at least one high-rise apartment under the provisions of the Affordable Housing Program.

## 2003 Ontario Retirement Homes Report

CMHC conducts an annual survey of vacancies and per diem rates in Ontario's supply of more than 37,000 retirement home beds.

In 2003, the Ontario-wide vacancy rate for all bed types was 13.6% compared to 11.8% in the London-Middlesex market. The average per diem for a private bed was \$71, slightly lower than the \$74 per day rate in London-Middlesex.

Order your copy of the 2003 Ontario Retirement Homes Report by calling 1-800-493-0059. This comprehensive 16-page report + 2-page Long-Term Care beds supplement contains detailed tables and analysis. It is available in either hardcopy or electronic pdf format.

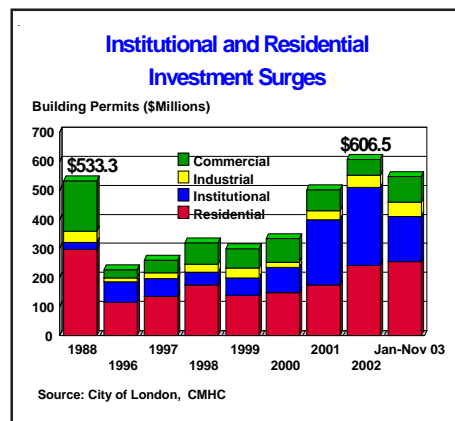
Call me today to receive the Ontario Retirement Home Advisor a complimentary 2-page highlight of results by market at 519-873-2410.

## Economic Outlook Positive

The rise in investment since 2001 has been led by the residential and institutional sectors. The upturn in institutional investment began with redevelopment projects in the London core (Arena/Entertainment complex, Via Train Station, Library) and in the last two years has focused on large-scale construction projects by London Health Sciences

Centre (\$140+ million); University of Western Ontario/ Fanshawe College; and, the redevelopment of the London International Airport. This past year there has also been a flurry of big box retail investment and a growing presence of industrial investment as a half dozen auto parts plants decided to locate in London.

These investments help explain the rising employment

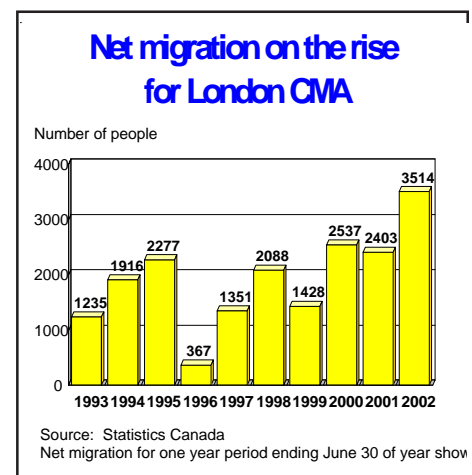
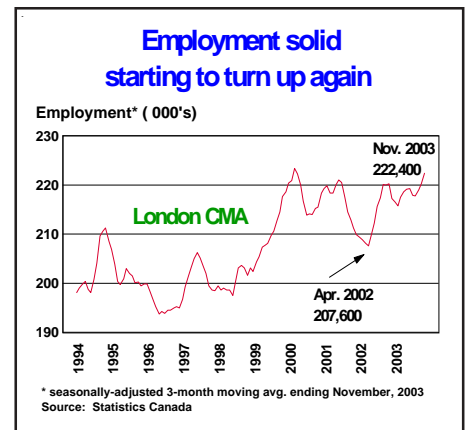


levels in the London-St. Thomas region. Employment for the 3-month period ending in November 2003 is just 1,000 persons below the highest level seen in the London CMA (Spring 2000).

Average employment levels are expected to increase 2.4% or 5,100 persons in 2003 and another 2.2% in 2004. This follows two years of slightly negative employment totals. Rising employment has a positive multiplier effect on the local economy and consumer sentiment, flowing through to demand for housing.

We have also noted a significant rise in the local labour force and the most recent data on net migration, i.e. for the period ending June 2002 points to a

sharp rise from an annual average of 2,100 persons for the 4 year period ending 2001 to 3,500 persons in 2002. Stronger population inflows is one factor which kept the rental vacancy rate from rising further in 2003.



## Mortgage rates to rise later in 2004

Declining inflation concerns, tentative economic growth and accommodative monetary policy will keep Canadian interest rates low in the first half of 2004. As the economy strengthens in 2004, short-term interest rates will rise 50-75 basis points in late 2004. Long-term yields are forecast to increase 25-50 basis points in the second half of 2004 after inflation bottoms out early next year and economic growth gains momentum.

One, three and five year mortgage rates are not expected to vary much in 2004 with rates in the 4.50-5.25, 5.75-6.50, and 6.25-7.25 per cent range respectively.

# FORECAST SUMMARY

London and area forecast completed December 1, 2003

RESALE MARKET	2001	2002	2003(f)	2004(f)	Percentage change (%)	
					2003	2004
<b>London &amp; St.Thomas Real Estate Board</b>						
MLS <sup>1</sup> Sales	7,307	8,097	8,150	7,725	0.6%	-5.2%
MLS Average Price	\$136,636	\$142,106	\$152,500	\$157,000	7.3%	3.0%
MLS New Listings	12,781	12,283	12,100	12,800	-1.5%	5.8%
Sales-to-Listings Ratio	57%	66%	67%	60%		

## NEW HOME MARKET

London census metropolitan area (CMA)

### Starts

1. Single-detached	1,317	1,969	1,875	1,750	-5%	-7%
2. Multi-family	290	635	1,141	930	80%	-19%
3. Total Starts [1+2]	1,607	2,604	3,016	2,680	16%	-11%

### Multi-family by Type

Semi-detached	18	22	24	30	9%	25%
Row housing - Owner/Rental	185/31	286/9	241/39	220/42	-5%	-6%
Apartment - Rental/Owner	56	318	837	550/88	163%	-24%

### Average Single-detached Price (Jan.-Sep. 2003)

Bungalow/Ranch	\$204,555	\$198,643	\$210,258	\$217,000		
Two-storey	\$218,614	\$225,887	\$238,294	\$245,000		
All single-detached units	\$213,315	\$212,835	\$229,301	\$236,000		
New Housing Price Index(1997=100)	106.8	109.8	114.8	118.0	4.6%	2.8%

## RENTAL MARKET

Apartment Vacancy Rate	1.6%	2.0%	2.1%	2.6%		
Average Rent (2 bedroom)	\$683	\$705	\$736	\$760	4.4%	3.3%

## ECONOMIC OVERVIEW

Mortgage Rate (1 year term)	6.14	5.17	4.78	4.92		
Mortgage Rate (5 year term)	7.40	7.02	6.37	6.70		
Employed (000's)	216.0	214.5	219.6	224.4	2.4%	2.2%
Employment Growth (000's)	-2.1	-1.5	5.1	4.8		
Unemployment Rate (%) London /ONT.	6.4 /6.3	7.0 /7.1	7.5 /7.1	7.4/7.1		

f = CMHC forecast. Consensus mortgage rate forecast October 20, 2003.

Sources: Statistics Canada, London & St.Thomas Real Estate Board, CMHC

1. Multiple Listings Service (MLS) is a registered certification mark own by the Canadian Real Estate Association (CREA)

**Forecast Summary** is CMHC's outlook for new residential construction and sales of existing homes. The semi-annual housing market outlook is released in May and November.

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