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Another strong construction year

FIRST QUARTER 2003

New Home Construction: *Condominiums in demand*

Jobs, affordable mortgage rates and tight resale markets kept demand for new homes strong. Despite the severe winter, which hampered construction activity, home starts in the first quarter were slightly higher than in the first quarter of last year. A jump in multiple starts by 15 per cent offset a 11.7 per cent drop in single-detached home starts. Condominium construction skyrocketed 40 per cent over the first

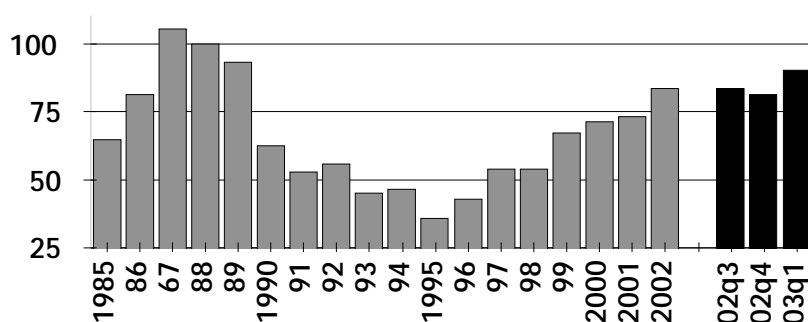
three months of last year. Multiple family home starts this year will be stronger than in 2002. Condominium apartments remain popular in the current environment of rising home prices. Inventories of newly completed and unoccupied condominiums are low, so that demand for condominiums implies new starts. Multiple family rental construction will get a boost from government assistance to affordable rental projects.

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Ontario home starts move up

Thousands, annual & SAAR



Source: CMHC

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HOME TO CANADIANS
Canada

Single home starts are high and will edge down over the next couple of years. The demand for new detached homes is supported by jobs and income growth, and will be slightly offset by rising mortgage rates and home prices and a growing supply of homes listing on the resale market.

Resale Home Markets: *tight*

Resale home markets are tight. Historical data shows that Ontario's average home price rises rapidly whenever the sales-to-new-listings ratio exceeds 50 per cent. The province's sales-to-new listings ratio has been hovering above 60 per cent, which suggests housing demand is pressuring home prices to increase further. Sales-to-new listings ratios are tight across most of Ontario's major Real Estate Boards.

High home prices are encouraging rising numbers of listings. This rising supply of homes for sale should narrow the margin by which future home prices outpace the general rate of inflation.

Ontario Outlook			
	2002	2003 F	2004 F
Starts, total	83,597	86,000	80,000
Starts, single	51,114	49,000	47,000
Starts, multiple	32,483	37,000	33,000
MLS Unit Sales	177,406	170,000	160,000
MLS Avg. Price	210,699	227,000	240,000

Source: CREA; CMHC 2003q2 Outlook

A colder and snowier than average winter, compared to warmer than average and snow-less one the previous year, brought down the number of first quarter home shoppers. Sales through the Province's Real Estate Boards in the first two months of 2003 have been respectable, but dipped almost 14 per cent lower than during the same period last year. Rising mortgage rates will keep this year's home sales below last year's.

Home-ownership remains very affordable. Inflation adjusted "real" mortgage rates are very low. Rising home prices and mortgage rates have boosted the

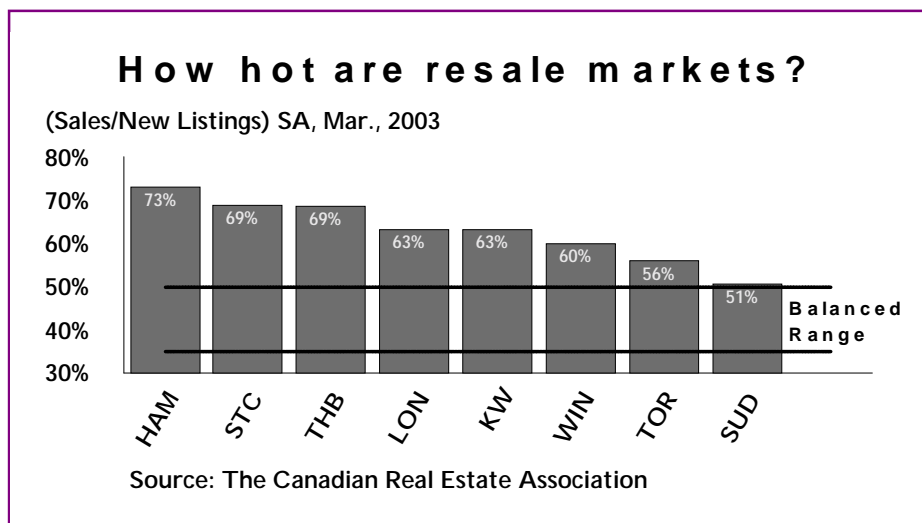
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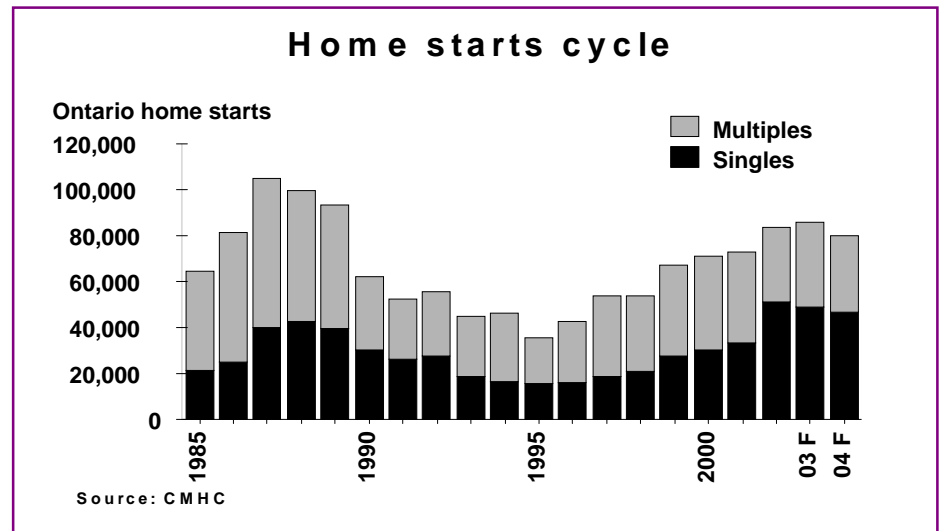


monthly mortgage carrying cost on Ontario's average priced home from its low in late 1996, but not by much. At today's three year mortgage rate, the average home's monthly principal and interest carrying cost expressed in constant dollars (\$2002) is roughly half of its historical peak value of the early 1990s.

Economy: jobs boost demand

Ontario's economy has set the stage for another good home construction year. Housing demand will be sustained by very reasonable, albeit somewhat higher, mortgage rates and full time job creation. Over a quarter million new jobs have been created in the province between the beginning of 2002 and March 2003 — mostly full time.

Economic indicators are mixed. On the positive side, retail sales



are up. Consumer confidence is strong. Sales of big ticket items are up. Business bankruptcies are down. On the negative side, Ontario's largest export market, the United States, is stuck in an economic lull. Canada's dollar is rising and that will act as a drag on exports. The economic impact of a Severe Acute Respiratory Syndrome (SARS) outbreak in Toronto has yet to be assessed.

On the demographic front high immigration levels since the mid 1980s bode well for housing demand. The majority of the Canada's immigrants are attracted to Ontario's established social and ethnic networks. Immigrant households initially rent and move into ownership after becoming established. Many immigrants who arrived over a decade ago are now purchasing homes.

TABLE 1: ECONOMIC INDICATORS

Date	Ontario emp. (000)	Ontario CPI inflation	\$ U.S. Spot	Bank rate	One yr. mtg.	Three yr. mtg.	Five yr. mtg.	Monthly P. & I. per \$1,000 @ 5 yr. rate*
1990	5,192	4.8	1.17	13.06	13.40	13.38	13.35	11.28
1991	5,016	4.7	1.15	8.98	10.08	10.90	11.13	9.72
1992	4,949	1.0	1.21	6.84	7.87	8.95	9.51	8.62
1993	4,974	1.8	1.29	5.09	6.91	8.10	8.78	8.13
1994	5,037	0.0	1.37	5.79	7.83	8.99	9.53	8.64
1995	5,131	2.5	1.37	7.14	8.38	8.82	9.16	8.39
1996	5,181	1.5	1.36	4.53	6.19	7.33	7.93	7.59
1997	5,313	1.9	1.38	3.52	5.54	6.56	7.07	7.05
1998	5,490	0.9	1.48	5.10	6.50	6.77	6.93	6.96
1999	5,688	1.9	1.49	4.94	6.80	7.37	7.56	7.36
2000	5,872	2.9	1.49	5.77	7.85	8.17	8.35	7.86
2001	5,962	3.1	1.55	4.31	6.14	6.88	7.40	7.26
2002	6,067	2.0	1.57	2.71	5.17	6.28	7.02	7.02
2003:01	6,192	4.3	1.54	3.00	4.90	6.00	6.45	6.67
2003:02	6,220	4.4	1.51	3.00	4.90	6.00	6.60	6.78
2003:03	6,237	3.3	1.48	3.25	5.35	6.25	6.85	6.91

Sources: Statistics Canada and Bank of Canada.

* Monthly P. & I. per \$1,000 of mortgage, amortized over 25 years at the 5 year rate.

TABLE 2: COMPARISON OF JANUARY-MARCH 2002 AND 2003 URBAN STARTS

JANUARY-MARCH	SINGLE DETACHED			ALL OTHER TYPES			TOTAL		
	2002	2003	%	2002	2003	%	2002	2003	%
CENSUS MET. AREAS									
HAMILTON	397	323	-19%	150	305	103%	547	628	15%
KINGSTON	79	59	-25%	5	6	20%	84	65	-23%
KITCHENER	553	519	-6%	142	109	-23%	695	628	-10%
LONDON	335	315	-6%	29	339	1069%	364	654	80%
OSHAWA	541	466	-14%	162	124	-23%	703	590	-16%
OTTAWA (ONT)	553	380	-31%	975	665	-32%	1,528	1,045	-32%
ST.CATHARINES	158	205	30%	41	40	-2%	199	245	23%
SUDBURY	8	4	-50%	0	0	NA	8	4	-50%
THUNDER BAY	9	7	-22%	0	2	NA	9	9	0%
TORONTO	3,616	2,959	-18%	6,056	6,784	12%	9,672	9,743	1%
WINDSOR	268	320	19%	96	103	7%	364	423	16%
CMA TOTAL	6,517	5,557	-15%	7,656	8,477	11%	14,173	14,034	-1%
OTHER URBAN	927	817	-12%	280	504	80%	1,207	1,321	9%
URBAN ONTARIO *	7,444	6,374	-14%	7,936	8,981	13%	15,380	15,355	-0%
URBAN CANADA *	16,764	16,718	-0%	15,776	17,964	14%	32,540	34,682	7%

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City	Date	Location
Thunder Bay	October 7	Valhalla Inn
St. Catharines	October 9	White Oaks
Hamilton	October 16	Sheraton Hotel
Kitchener	October 21	Waterloo Inn
Ottawa	October 23	Ottawa Congress Centre
Sudbury	October 28	Science North
London	October 30	Four Points Sheraton
Windsor	November 6	The Caboto Club

TABLE 3: ONTARIO HOUSING STARTS BY TENURE BY YEAR

Year	Multiple housing starts							All Area Multiples	All Area Singles	All Area Total
	Centers 10,000 population and over						Other Areas			
	Rental/Coop		Total Rental	Condo	Other Freehold*	Total 10,000+				
	Private	Assisted								
1992	2,273	15,667	17,940	2,772	5,410	26,122	1,782	27,904	27,868	55,772
1993	2,023	7,195	9,218	3,268	5,240	17,726	1,174	18,900	26,240	45,140
1994	1,368	3,805	5,173	3,809	7,156	16,138	471	16,609	30,036	46,645
1995	550	2,945	3,495	5,713	6,147	15,355	339	15,694	20,124	35,818
1996	931	794	1,725	6,034	8,101	15,860	183	16,043	27,019	43,062
1997	773	0	773	8,138	9,512	18,423	248	18,671	35,401	54,072
1998	1,174	0	1,174	9,080	10,740	20,994	99	21,093	32,737	53,830
1999	1,313	0	1,313	13,184	13,190	27,687	127	27,814	39,421	67,235
2000	2,147	0	2,147	13,176	15,055	30,378	56	30,434	41,087	71,521
2001	2,627	89	2,716	16,653	14,157	33,526	124	33,650	39,632	73,282
2002	3,883	0	3,883	13,070	15,435	32,388	95	32,483	51,114	83,597
2002Q1	1,072	0	1,072	3,759	3,105	7,936	14	7,950	8,192	16,142
2003Q1	1,207	0	1,207	5,047	2,727	8,981	159	9,140	7,230	16,370
02-03 Q1%	13%	NA	13%	34%	-12%	13%	1036%	15%	-12%	1%

TABLE 4: ONTARIO HOUSING STARTS, COMPLETIONS & UNDER CONSTRUCTION BY TYPE & TENURE

STARTS	2002					2003					PER CENT CHANGE				
	SINGLE	SEMI	ROW	APT	TOTAL	SINGLE	SEMI	ROW	APT	TOTAL	SINGLE	SEMI	ROW	APT	TOTAL
FIRST QUARTER															
HOMEOWNER	7,414	1,714	1,379	12	10,519	6,343	1,106	1,558	4	9,011	-14%	-35%	13%	-67%	-14%
RENTAL	0	0	158	914	1,072	0	0	9	1,198	1,207	NA	NA	-94%	31%	13%
CONDOMINIUM	26	0	453	3,306	3,785	26	6	438	4,603	5,073	0%	NA	-3%	39%	34%
COOPERATIVE	0	0	0	0	0	0	0	0	0	0	NA	NA	NA	NA	NA
UNKNOWN	4	0	0	0	4	5	0	55	4	64	25%	NA	NA	NA	1500%
TOTAL URBAN ONT	7,444	1,714	1,990	4,232	15,380	6,374	1,112	2,060	5,809	15,355	-14%	-35%	4%	37%	-0%
COMPLETIONS															
FIRST QUARTER															
HOMEOWNER	8,827	1,507	1,394	0	11,728	9,177	1,228	1,721	0	12,126	4%	-19%	23%	NA	3%
RENTAL	0	2	189	327	518	0	2	134	299	435	NA	0%	-29%	-9%	-16%
CONDOMINIUM	21	28	614	3,982	4,645	37	4	566	2,501	3,108	76%	-86%	-8%	-37%	-33%
COOPERATIVE	0	0	0	0	0	0	0	0	0	0	NA	NA	NA	NA	NA
UNKNOWN	0	0	0	0	0	0	0	0	0	0	NA	NA	NA	NA	NA
TOTAL URBAN ONT	8,848	1,537	2,197	4,309	16,891	9,214	1,234	2,421	2,800	15,669	4%	-20%	10%	-35%	-7%
UNDER CONSTRUCTION AT END OF MARCH															
HOMEOWNER	14,617	3,130	3,665	58	21,470	16,635	2,595	4,520	6	23,756	14%	-17%	23%	-90%	11%
RENTAL	1	6	335	3,243	3,585	0	2	214	4,876	5,092	-100%	-67%	-36%	50%	42%
CONDOMINIUM	86	58	1,625	20,362	22,131	82	14	1,471	19,905	21,472	-5%	-76%	-9%	-2%	-3%
COOPERATIVE	0	0	0	0	0	0	0	0	0	0	NA	NA	NA	NA	NA
UNKNOWN	5	0	10	0	15	5	0	99	0	104	0%	NA	890%	NA	593%
TOTAL URBAN ONT	14,709	3,194	5,635	23,663	47,201	16,722	2,611	6,304	24,787	50,424	14%	-18%	12%	5%	7%

Note: Rental includes private rental assisted rental and registered condominiums marketed to investors and offered as rental units

TABLE 5: CURRENT QUARTER'S STARTS, COMPLETIONS AND UNDER CONSTRUCTION BY TYPE FOR ONTARIO'S CENSUS METROPOLITAN AREAS

STARTS	1ST QUARTER 2002					1ST QUARTER 2003					PER CENT CHANGE				
	SINGLE	SEMI	ROW	APT	TOTAL	SINGLE	SEMI	ROW	APT	TOTAL	SINGLE	SEMI	ROW	APT	TOTAL
HAMILTON CMA	397	38	112	0	547	323	12	293	0	628	-19	-68	162	NA	15
KINGSTON CMA	79	2	3	0	84	59	6	0	0	65	-25	200	-100	NA	-23
KITCHENER CMA	553	24	51	67	695	519	28	61	20	628	-6	17	20	-70	-10
LONDON CMA	335	0	29	0	364	315	2	36	301	654	-6	NA	24	NA	80
OSHAWA CMA	541	60	102	0	703	466	12	112	0	590	-14	-80	10	NA	-16
OTTAWA CMA	553	44	398	533	1,528	380	80	423	162	1,045	-31	82	6	-70	-32
ST. CATHARINES CMA	158	16	21	4	199	205	0	40	0	245	30	-100	90	NA	23
SUDBURY CMA	8	0	0	0	8	4	0	0	0	4	-50	NA	NA	NA	-50
THUNDER BAY CMA	9	0	0	0	9	7	2	0	0	9	-22	NA	NA	NA	0
TORONTO CMA TOTAL	3,616	1,406	1,086	3,564	9,672	2,959	876	867	5,041	9,743	-18	-38	-20	41	1
METRO TORONTO	142	78	121	2,944	3,285	312	60	209	4,437	5,018	120	-23	73	51	53
YORK REGION	1,704	330	403	334	2,771	1,252	118	219	330	1,919	-27	-64	-46	-1	-31
PEEL REGION	1,149	894	375	286	2,704	788	616	333	198	1,935	-31	-31	-11	-31	-28
OTHER AREAS	621	104	187	0	912	607	82	106	76	871	-2	-21	-43	NA	-4
WINDSOR CMA	268	28	16	52	364	320	38	65	0	423	19	36	306	-100	16
COMPLETIONS															
HAMILTON CMA	402	48	170	88	708	454	20	251	12	737	13	-58	48	-86	4
KINGSTON CMA	151	4	0	0	155	143	2	0	0	145	-5	-50	NA	NA	-6
KITCHENER CMA	429	22	45	2	498	536	26	130	8	700	25	18	189	300	41
LONDON CMA	310	2	46	2	360	344	8	75	0	427	11	300	63	-100	19
OSHAWA CMA	416	26	75	2	519	533	4	76	90	703	28	-85	1	4,400	35
OTTAWA CMA	721	74	447	72	1,314	702	40	427	21	1,190	-3	-46	-4	-71	-9
ST. CATHARINES CMA	206	16	15	22	259	213	6	15	0	234	3	-63	0	-100	-10
SUDBURY CMA	35	0	0	0	35	54	0	0	0	54	54	NA	NA	NA	54
THUNDER BAY CMA	35	0	0	0	35	42	0	0	6	48	20	NA	NA	NA	37
TORONTO CMA TOTAL	3,962	1,210	1,246	3,715	10,133	3,969	894	1,207	2,560	8,630	0	-26	-3	-31	-15
METRO TORONTO	286	142	245	2,094	2,767	314	188	197	2,233	2,932	10	32	-20	7	6
YORK REGION	1,963	434	414	515	3,326	1,445	176	513	41	2,175	-26	-59	24	-92	-35
PEEL REGION	1,117	472	419	1,106	3,114	1,277	434	318	286	2,315	14	-8	-24	-74	-26
OTHER AREAS	596	162	168	0	926	933	96	179	0	1,208	57	-41	7	NA	30
WINDSOR CMA	413	48	14	83	558	398	134	64	39	635	-4	179	357	-53	14
UNDER CONSTRUCTION															
	AT END OF MARCH 2002					AT END OF MARCH 2003									
HAMILTON CMA	665	76	388	335	1,464	768	35	765	137	1,705	15	-54	97	-59	16
KINGSTON CMA	117	2	3	128	250	192	12	0	0	204	64	500	-100	-100	-18
KITCHENER CMA	719	50	356	1,091	2,216	849	40	323	1,391	2,603	18	-20	-9	27	17
LONDON CMA	448	8	93	48	597	491	8	197	599	1,295	10	0	112	1,148	117
OSHAWA CMA	1,190	78	268	128	1,664	1,307	36	199	0	1,542	10	-54	-26	-100	-7
OTTAWA CMA	1,071	104	770	863	2,808	1,281	168	921	1,591	3,961	20	62	20	84	41
ST. CATHARINES CMA	301	40	172	4	517	406	38	202	0	646	35	-5	17	NA	25
SUDBURY CMA	31	0	0	0	31	42	0	0	0	42	35	NA	NA	NA	35
THUNDER BAY CMA	51	2	0	42	95	77	4	0	38	119	51	100	NA	-10	25
TORONTO CMA TOTAL	7,527	2,600	2,963	20,750	33,840	8,738	2,114	3,069	20,277	34,198	16	-19	4	-2	1
METRO TORONTO	599	242	665	19,470	20,976	1,246	400	748	18,147	20,541	108	65	12	-7	-2
YORK REGION	4,029	798	1,184	575	6,586	3,817	536	1,156	909	6,418	-5	-33	-2	58	-3
PEEL REGION	1,455	1,338	662	705	4,160	1,700	978	639	909	4,226	17	-27	-3	29	2
OTHER AREAS	1,444	222	452	0	2,118	1,975	200	526	312	3,013	37	-10	16	NA	42
WINDSOR CMA	337	52	81	176	646	388	60	89	136	673	15	15	10	-23	4

TABLE 7: ONTARIO HOUSING STARTS FROM 1980 TO 2002 AND 2003 SAARs

Year	Urban centres 10,000 plus			All areas		
	Singles	Multiples	Total	Singles	Multiples	Total
1980	14,695	20,737	35,432	18,693	21,434	40,127
1981	21,245	24,154	45,399	24,440	25,721	50,161
1982	15,483	19,691	35,174	17,836	20,672	38,508
1983	29,803	20,467	50,270	33,804	21,135	54,939
1984	28,320	14,000	42,320	32,851	15,320	48,171
1985	37,235	19,818	57,053	43,509	21,362	64,871
1986	48,147	23,766	71,913	56,448	25,022	81,470
1987	55,022	38,878	93,900	64,929	40,284	105,213
1988	46,843	40,101	86,944	57,099	42,825	99,924
1989	43,841	37,185	81,026	53,511	39,826	93,337
1990	24,076	29,265	53,341	32,425	30,224	62,649
1991	21,224	24,899	46,123	26,290	26,504	52,794
1992	22,571	24,122	46,693	27,868	27,904	55,772
1993	21,121	17,726	38,847	26,240	18,900	45,140
1994	25,422	16,138	41,560	30,036	16,609	46,645
1995	16,593	15,300	31,893	20,124	15,694	35,818
1996	23,652	15,860	39,512	27,019	16,043	43,062
1997	31,549	18,423	49,972	35,401	18,671	54,072
1998	29,094	20,994	50,088	32,737	21,093	53,830
1999	35,238	27,687	62,925	39,421	27,814	67,235
2000	37,045	30,378	67,423	41,087	30,434	71,521
2001	36,736	33,526	70,262	39,632	33,650	73,282
2002	47,227	32,388	79,615	51,114	32,483	83,597
2003	Seasonally Adjusted Annualized Rates					
03 Q1	39,300	44,600	83,900	NA	NA	90,200
03 Jan	38,400	26,100	64,500	NA	NA	NA
Feb	41,900	72,800	114,700	NA	NA	NA
Mar	37,800	34,800	72,600	NA	NA	NA

TABLE 8: AVERAGE AND MEDIAN PRICE OF ABSORBED SINGLES BY CMA

CENSUS METROPOLITAN AREA	1ST QUARTER 2002		1ST QUARTER 2003		% CHANGE UNITS	% CHANGE AVG PRICE
	# OF UNITS	AVG PRICE (\$000's)	# OF UNITS	AVG PRICE (\$000's)		
HAMILTON	430	249	548	263	27%	6%
KINGSTON	146	175	133	189	-9%	8%
KITCHENER	419	220	532	228	27%	4%
LONDON	298	203	344	225	15%	11%
OSHAWA	406	233	531	234	31%	0%
OTTAWA	734	271	708	290	-4%	7%
ST. CATHARINES	196	229	215	245	10%	7%
SUDBURY	37	186	54	210	46%	13%
THUNDER BAY	35	169	48	195	37%	15%
TORONTO	3,997	314	4,092	332	2%	6%
WINDSOR	422	183	403	191	-5%	4%

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