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NEW HOMES

Q3 Home starts reach 14-year high

A strong third quarter has boosted year-to-date total home starts to highs not seen in 10 years.

Total starts this quarter were up almost 50 per cent from the same period last year. Strength in new home construction came from both the single-detached and multiple family home sectors. Both sectors reported very strong home starts this quarter.

Construction of single detached homes has continued its impressive upward trend. Single detached starts totalled 421 in Q3 up over 20 per cent from the same time last year.

Demand for single-family homes has been supported by favourable economic and demographic conditions. Low mortgage rates, strong consumer confidence and a tight resale market have kept demand for single homes at high levels. A large number of baby boomers in their prime move-up buying years have also kept demand for single-family homes strong.

Demand for single detached homes has remained strong despite rising prices. In Q3 the average price of a new single-detached home in the region was \$289,500, that's up over 15 per cent from the same time last year.

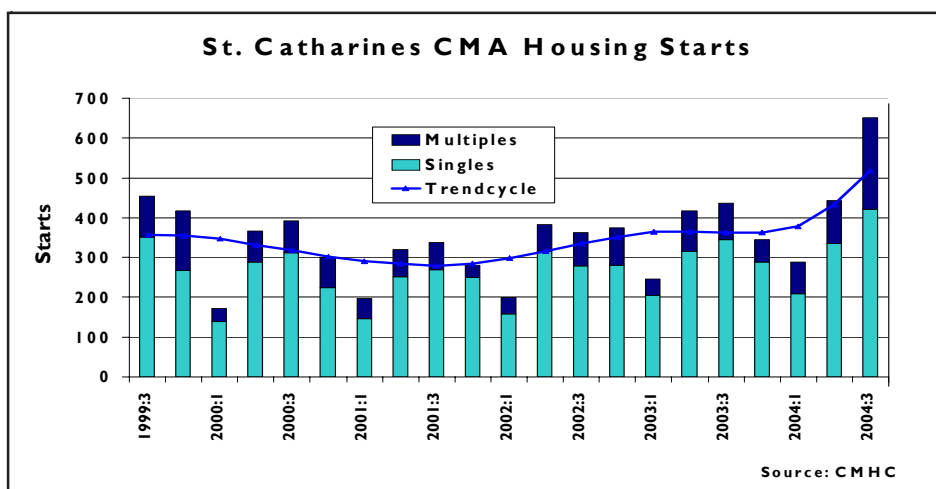
THIRD QUARTER 2004

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An emerging trend in the region has been a shift towards more expensive homes. The share of homes priced above \$300,000 has increased dramatically. This trend reflects the fact that consumers are purchasing higher quality homes and that a greater portion of sales are occurring in high priced markets.

Multi-family home starts were strong in Q3. The number of multi-



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family dwelling started in Q3 more than doubled from the same time last year. A combination of double-digit price gains for single-detached homes and rising mortgage rates have pushed some buyers towards more affordable semi-detached and row town-homes. These homes have really gained popularity.

A unique 100-unit project that broke ground in September in the city of St. Catharines also played a part in boosting the number of multi-family home starts this quarter.

The current inventory level of single and semi-detached homes has reached historical lows. This is a healthy sign that little speculative construction is taking place and that new home construction is simply keeping up with strong demand.

ECONOMY

As of September 2004 employment in the region is down just over 5 per cent from the same time last year. Although there has been a pull back in job creation, job losses in the region appear to have bottomed out.

After adjusting for seasonal variations, employment in the region

actually posted gains in September. This is the first sign of job creation in almost a year.

Low mortgage rates and strong consumer confidence have persisted this quarter, providing support for housing demand.

Figures released by Statistics Canada in September indicated that migration to the Niagara region was strong in 2003. Just over 1600 migrants moved to the region last year.

RESALE MARKET MLS® Sales peaked in Q2

The upward trend in sales that began late in 2003 appears to have eased. After adjusting for seasonal variations, MLS® sales actually fell 4.4 per cent from the second quarter. This is an indication that MLS® sales in the region peaked in the second quarter.

On a quarter-to-quarter basis, all three districts in the region saw sales edge a little lower this quarter. Despite this decline, year-to-date sales levels are at historical highs. MLS® sales are on pace to register 15 year highs.

In terms of supply, the number of newly listed homes on the market edged a little lower in Q3. However, the trend in new listings is still pointing up. Strong price appreciation will act as a strong incentive for individuals to list their homes.

The upward trend in new listings will continue, as a large number of units currently under construction will reach completion. Many of the move-up buyers who purchased these homes will begin to take occupancy and will start to put their current homes on the market, contributing to supply.

Strong sales and historically low levels of newly listed homes have resulted in a tight resale market.

The sales-to-new listings ratio, a measure of market tightness, did not change from the last quarter. The resale market remains in sellers territory.

Tight capacity has put upward pressure on prices this quarter. The average MLS® resale price of a home in the region has jumped 12 per cent from the same time last year to reach \$176,300 this quarter.

Double-digit gains were recorded in all three districts. The St. Catharines district experienced the largest jump in prices. Prices in the St. Catharines district increased by 13 per cent.

The Welland district saw prices increase by approximately 10 per cent from the same time last year. Despite this increase in inflation adjusted terms prices in the Welland district still remains well below the levels reached in the late 80's.

The Niagara Falls-Fort Erie district also experienced very strong price growth this quarter. Prices jumped by 12 per cent from the same time last year.

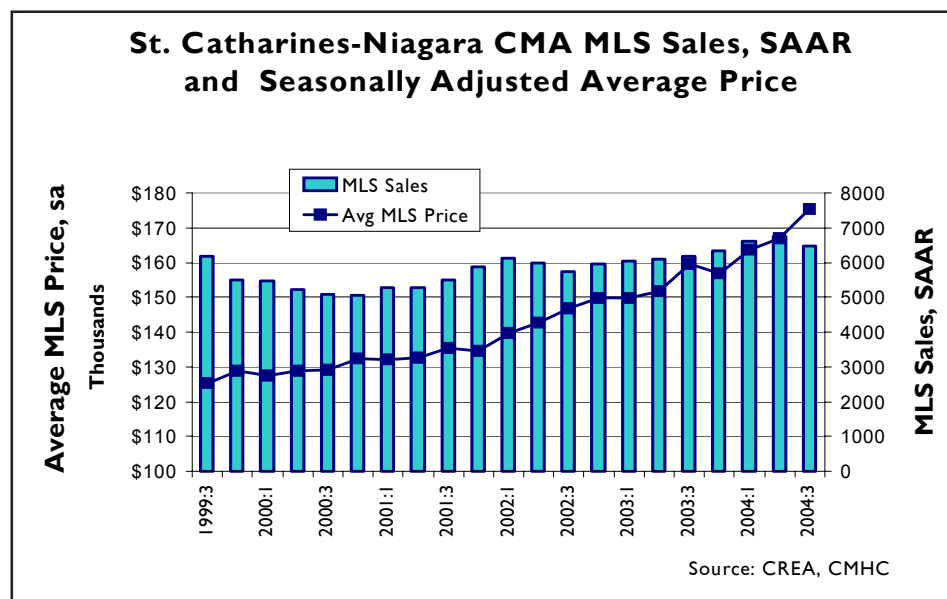


Table I: Housing Activity Summary for St. Catharines-Niagara CMA

	OWNERSHIP					RENTAL		GRAND **TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
STARTS								
Q3 2004	421	28	74	24	0	4	100	651
Q3 2003	345	24	42	20	0	0	5	436
% Change	22.0	16.7	76.2	20.0	NA	NA	**	49.3
Year-to-date 2004	965	60	155	66	0	19	116	1,381
Year-to-date 2003	866	44	116	54	11	0	7	1,098
% Change	11.4	36.4	33.6	22.2	-100.0	NA	**	25.8
UNDER CONSTRUCTION								
September 2004	619	40	156	132	0	13	111	1,071
September 2003	481	40	125	131	0	0	3	780
COMPLETIONS								
Q3 2004	294	28	49	37	0	0	5	413
Q3 2003	320	26	53	8	0	0	4	411
% Change	-8.1	7.7	-7.5	**	NA	NA	25.0	0.5
Year-to-date 2004	815	50	113	68	0	7	5	1,058
Year-to-date 2003	799	48	82	20	0	0	4	953
% Change	2.0	4.2	37.8	**	NA	NA	25.0	11.0
COMPLETE & NOT ABSORBED								
September 2004	46	6	9	6	0	0	0	67
September 2003	72	10	8	6	0	0	0	96
ABSORPTIONS								
Q3 2004	314	23	50	34	0	0	5	426
Q3 2003	316	27	49	13	0	0	4	409
% Change	-0.6	-14.8	2.0	161.5	NA	NA	25.0	4.2
Year-to-date 2004	834	50	110	68	0	7	5	1,074
Year-to-date 2003	804	60	83	25	0	0	4	976
% Change	3.7	-16.7	32.5	172.0	NA	NA	25.0	10.0

*Includes all market types

**Year-over-year change greater than 200 per cent

Source: CMHC

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Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q3 2003	Q3 2004	% change	Q3 2003	Q3 2004	% change	Q3 2003	Q3 2004	% change
St. Catharines-Niagara CMA	345	421	22.0	91	230	152.7	436	651	49.3
St. Catharines City	68	75	10.3	12	141	**	80	216	170.0
Niagara Falls	87	108	24.1	13	7	-46.2	100	115	15.0
Welland	38	56	47.4	23	15	-34.8	61	71	16.4
Lincoln Town	14	25	78.6	0	38	NA	14	63	**
Fort Erie	34	45	32.4	29	0	NA	63	45	-28.6
Niagara-on-the-Lake	51	42	-17.6	4	19	**	55	61	10.9
Pelham	15	29	93.3	0	3	NA	15	32	113.3
Port Colborne City	8	7	-12.5	4	0	NA	12	7	-41.7
Thorold City	20	24	20.0	6	7	16.7	26	31	19.2
Wainfleet TWP.	10	10	0.0	0	0	NA	10	10	0.0

Table 2B: Starts by Area and by Intended Market - Year-to-Date

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2003	YTD 2004	% change	YTD 2003	YTD 2004	% change	YTD 2003	YTD 2004	% change
St. Catharines-Niagara CMA	866	965	11.4	232	416	79.3	1,098	1,381	25.8
St. Catharines City	200	186	-7.0	44	197	**	244	383	57.0
Niagara Falls	209	218	4.3	46	23	-50.0	255	241	-5.5
Welland	100	122	22.0	79	49	-38.0	179	171	-4.5
Lincoln Town	53	58	9.4	3	61	**	56	119	112.5
Fort Erie	86	107	24.4	29	5	-82.8	115	112	-2.6
Niagara-on-the-Lake	72	108	50.0	11	50	**	83	158	90.4
Pelham	50	65	30.0	0	5	NA	50	70	40.0
Port Colborne City	21	23	9.5	8	6	-25.0	29	29	0.0
Thorold City	55	61	10.9	12	20	66.7	67	81	20.9
Wainfleet TWP.	20	17	-15.0	0	0	NA	20	17	-15.0

Table 3: Average Price of Completed and Absorbed Single-Detached Dwellings (\$)

Sub Market Area	Q3 2003	Q3 2004	% Change	YTD 2003	YTD 2004	% Change
St. Catharines-Niagara CMA	251,181	289,534	15.3	247,786	282,231	13.9
St. Catharines City	259,943	283,225	9.0	254,091	266,355	4.8
Niagara Falls	241,145	269,932	11.9	234,155	278,640	19.0
Welland	193,202	200,804	3.9	188,508	203,285	7.8
Lincoln Town	282,138	305,400	8.2	277,985	303,839	9.3
Fort Erie	269,310	253,813	-5.8	233,096	256,403	10.0
Niagara-on-the-Lake	316,106	368,560	16.6	336,481	373,007	10.9
Pelham	300,374	367,174	22.2	299,915	344,025	14.7
Port Colborne City	179,988	370,000	105.6	188,827	287,445	52.2
Thorold City	239,428	220,636	-7.8	224,950	210,779	-6.3
Wainfleet TWP.	234,908	313,750	33.6	210,533	324,652	54.2

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

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

AREA	PRICE RANGES												TOTAL
	<\$ 150,000		\$ 150,000-\$ 199,999		\$ 200,000-\$ 249,999		\$ 250,000-\$ 299,999		\$ 300,000-\$ 449,999		\$ 450,000+		
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
St. Catharines-Niagara CMA													
Q3 2004	7	2.2	37	11.8	87	27.7	68	21.7	98	31.2	17	5.4	314
Q3 2003	15	4.7	69	21.8	104	32.9	61	19.3	57	18.0	10	3.2	316
YTD 2004	22	2.6	147	17.6	223	26.7	163	19.5	234	28.1	45	5.4	834
YTD 2003	34	4.2	233	29.0	239	29.7	135	16.8	139	17.3	24	3.0	804
St. Catharines City													
Q3 2004	1	1.5	3	4.6	22	33.8	17	26.2	19	29.2	3	4.6	65
Q3 2003	0	0.0	9	12.9	30	42.9	19	27.1	10	14.3	2	2.9	70
YTD 2004	2	1.2	20	12.0	58	34.7	47	28.1	36	21.6	4	2.4	167
YTD 2003	0	0.0	32	19.0	68	40.5	39	23.2	26	15.5	3	1.8	168
Niagara Falls													
Q3 2004	0	0.0	7	8.9	31	39.2	21	26.6	18	22.8	2	2.5	79
Q3 2003	4	5.3	20	26.7	25	33.3	13	17.3	11	14.7	2	2.7	75
YTD 2004	1	0.5	25	12.4	76	37.8	48	23.9	39	19.4	12	6.0	201
YTD 2003	6	3.4	65	36.3	54	30.2	31	17.3	19	10.6	4	2.2	179
Welland													
Q3 2004	0	0.0	13	56.5	6	26.1	3	13.0	1	4.3	0	0.0	23
Q3 2003	1	2.4	23	56.1	13	31.7	3	7.3	1	2.4	0	0.0	41
YTD 2004	3	3.4	52	59.1	14	15.9	11	12.5	8	9.1	0	0.0	88
YTD 2003	5	5.2	52	53.6	33	34.0	6	6.2	1	1.0	0	0.0	97
Lincoln Town													
Q3 2004	0	0.0	1	5.6	7	38.9	3	16.7	5	27.8	2	11.1	18
Q3 2003	0	0.0	0	0.0	11	52.4	4	19.0	6	28.6	0	0.0	21
YTD 2004	1	2.0	4	8.0	18	36.0	7	14.0	16	32.0	4	8.0	50
YTD 2003	0	0.0	14	19.4	29	40.3	9	12.5	16	22.2	4	5.6	72
Fort Erie													
Q3 2004	4	11.4	9	25.7	11	31.4	3	8.6	5	14.3	3	8.6	35
Q3 2003	5	15.6	8	25.0	8	25.0	3	9.4	4	12.5	4	12.5	32
YTD 2004	10	11.6	27	31.4	24	27.9	8	9.3	11	12.8	6	7.0	86
YTD 2003	15	16.3	39	42.4	13	14.1	7	7.6	12	13.0	6	6.5	92
Niagara-on-the-Lake													
Q3 2004	0	0.0	0	0.0	2	4.0	12	24.0	32	64.0	4	8.0	50
Q3 2003	0	0.0	0	0.0	4	22.2	2	11.1	12	66.7	0	0.0	18
YTD 2004	0	0.0	0	0.0	9	7.9	20	17.5	74	64.9	11	9.6	114
YTD 2003	0	0.0	1	1.4	20	27.8	8	11.1	39	54.2	4	5.6	72
Pelham													
Q3 2004	0	0.0	0	0.0	3	13.6	3	13.6	14	63.6	2	9.1	22
Q3 2003	0	0.0	0	0.0	3	13.6	8	36.4	11	50.0	0	0.0	22
YTD 2004	0	0.0	0	0.0	6	10.3	9	15.5	39	67.2	4	6.9	58
YTD 2003	0	0.0	1	2.1	7	14.6	17	35.4	22	45.8	1	2.1	48
Port Colborne City													
Q3 2004	0	0.0	0	0.0	1	33.3	1	33.3	0	0.0	1	33.3	3
Q3 2003	1	12.5	5	62.5	2	25.0	0	0.0	0	0.0	0	0.0	8
YTD 2004	1	9.1	4	36.4	1	9.1	2	18.2	1	9.1	2	18.2	11
YTD 2003	1	6.7	11	73.3	2	13.3	0	0.0	1	6.7	0	0.0	15
Thorold City													
Q3 2004	2	13.3	4	26.7	4	26.7	4	26.7	1	6.7	0	0.0	15
Q3 2003	4	23.5	1	5.9	5	29.4	5	29.4	0	0.0	2	11.8	17
YTD 2004	4	9.1	15	34.1	16	36.4	7	15.9	2	4.5	0	0.0	44
YTD 2003	7	17.5	7	17.5	10	25.0	13	32.5	1	2.5	2	5.0	40
Wainfleet TWP.													
Q3 2004	0	0.0	0	0.0	0	0.0	1	25.0	3	75.0	0	0.0	4
Q3 2003	0	0.0	3	25.0	3	25.0	4	33.3	2	16.7	0	0.0	12
YTD 2004	0	0.0	0	0.0	1	6.7	4	26.7	8	53.3	2	13.3	15
YTD 2003	0	0.0	11	52.4	3	14.3	5	23.8	2	9.5	0	0.0	21

Table 5: Resale Housing Activity for St.Catharines-Niagara CMA

	Number of Sales	Yr/Yr %	Number of New Listings	Sales-to-New Listings	Average Price (\$)	Yr/Yr %
All districts						
Q3 2003	1,697	8.9	2,547	66.6	157,358	8.0
Q3 2004	1,747	2.9	2,688	65.0	176,302	12.0
YTD 2003	4,900	3.5	7,483		153,377	7.1
YTD 2004	5,295	8.1	7,988		169,816	10.7
St. Catharines district						
Q3 2003	804	13.7	1,181	68.1	168,913	7.2
Q3 2004	810	0.7	1,290	62.8	190,871	13.0
YTD 2003	2,442	10.3	3,526		165,267	6.5
YTD 2004	2,491	2.0	3,773		182,715	10.6
Niagara Falls-Fort Erie						
Q3 2003	514	4.3	823	62.5	146,038	7.5
Q3 2004	528	2.7	794	66.5	163,958	12.3
YTD 2003	1,407	-2.8	2,316		142,928	8.8
YTD 2004	1,588	12.9	2,383		160,774	12.5
Welland district						
Q3 2003	379	5.9	543	69.8	148,196	9.1
Q3 2004	409	7.9	604	67.7	163,385	10.2
YTD 2003	1,051	-2.1	1,641		139,739	4.1
YTD 2004	1,216	15.7	1,832		155,199	11.1
Historical Data						
	Annual Sales	Yr/Yr %	Annual New Listings	Yr/Yr %	Annual Average Price (\$)	Yr/Yr %
1994	5,036	15.2	13,259	-3.9	117,406	0.7
1995	4,609	-8.5	11,983	-9.6	114,252	-2.7
1996	5,457	18.4	11,873	-0.9	114,072	-0.2
1997	5,509	1.0	11,154	-6.1	117,778	3.2
1998	5,794	5.2	11,354	1.8	121,981	3.6
1999	5,863	1.2	9,982	-12.1	126,155	3.4
2000	5,207	-11.2	9,310	-6.7	129,390	2.6
2001	5,488	5.4	9,221	-1.0	133,715	3.3
2002	5,951	8.4	8,828	-4.3	144,720	8.2
2003	6,174	3.7	9,270	5.0	154,559	6.8

Source: Canadian Real Estate Association

Table 6: Economic Indicators

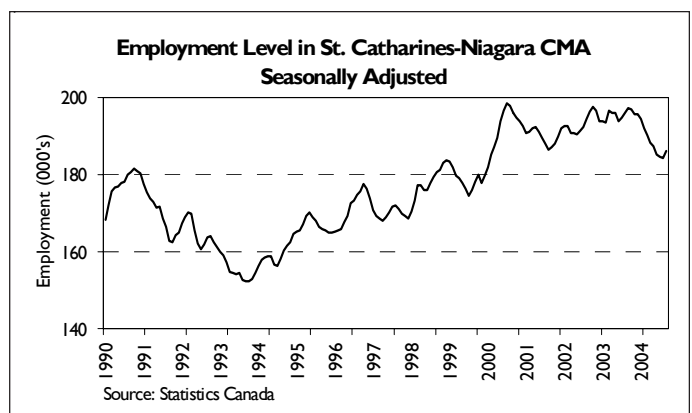
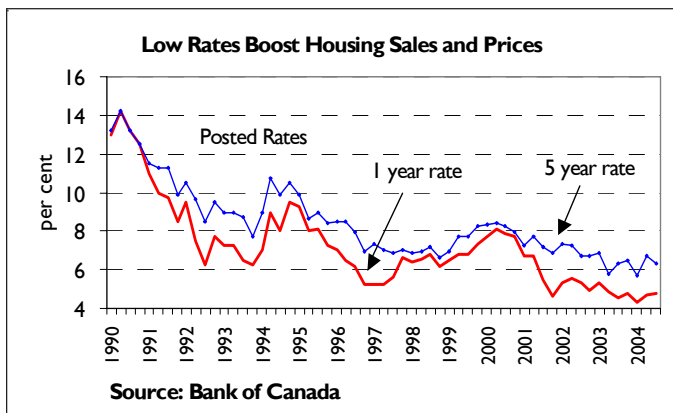
		Interest and Exchange Rates				Inflation Rate (%) Ontario 1996=100	NHPI*** % chg. St. Catharines- Niagara CMA 1997=100	St. Catharines-Niagara CMA Labour Market		
		P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)			Employment SA** (,000)	Employment SA m/m (%)	Unemployment Rate (%) SA
			1 Yr. Term	5 Yr. Term						
2003	January	666.80	4.9	6.5	0.657	4.3	3.1	193.7	-0.2	7.5
	February	675.90	4.9	6.6	0.674	4.4	3.3	193.5	-0.1	7.6
	March	691.18	5.4	6.9	0.681	3.3	3.5	196.7	1.7	6.6
	April	678.94	5.4	6.7	0.698	2.3	3.1	195.9	-0.4	6.5
	May	648.75	5.1	6.2	0.731	2.7	4.3	196.1	0.1	6.1
	June	627.97	4.9	5.8	0.742	2.5	5.0	193.7	-1.2	6.7
	July	651.74	4.6	6.2	0.712	1.9	5.3	194.8	0.6	6.8
	August	660.76	4.6	6.4	0.722	1.7	5.4	196.0	0.6	6.9
	September	657.75	4.6	6.3	0.741	2.2	6.2	197.3	0.7	6.8
	October	663.77	4.6	6.4	0.758	1.7	5.8	196.9	-0.2	6.9
	November	669.82	4.8	6.5	0.770	1.7	7.5	195.7	-0.6	7.0
	December	666.80	4.8	6.5	0.771	3.0	6.5	195.7	0.0	6.7
2004	January	642.78	4.3	6.1	0.755	1.5	5.5	194.5	-0.6	6.7
	February	627.97	4.3	5.8	0.749	0.8	6.1	192.0	-1.3	7.0
	March	622.08	4.3	5.7	0.763	1.1	6.0	190.1	-1.0	7.5
	April	648.75	4.5	6.2	0.729	2.3	6.7	188.4	-0.9	7.9
	May	669.82	4.6	6.5	0.733	2.8	4.8	187.5	-0.5	8.0
	June	681.99	4.7	6.7	0.750	2.4	6.9	185.2	-1.2	8.3
	July	672.86	4.6	6.6	0.752	2.4	7.6	184.6	-0.3	8.5
	August	657.75	4.4	6.3	0.762	1.5	7.1	184.4	-0.1	8.2
	September	657.75	4.8	6.3	0.793	1.5		186.2	1.0	7.3
	October	663.77	4.9	6.4						
	November									
	December									

*Principal and Interest Payment assumes a five year mortgage rate and 25 year amortization period.

** Seasonally Adjusted

*** New Housing Price Index

Source: CMHC, Statistics Canada Labour Force Survey



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>

Your Guide to Renting a Home – CMHC's new, online guide for tenants, landlords, and property managers

CMHC is breaking new ground with the introduction of “Your Guide to Renting a Home”. A comprehensive rental guide, developed by the Research and Information Transfer team, this free, online tool launched this spring. It will help the estimated four million Canadian households in rental accommodation, as well as landlords and property managers, to find plain language information on tenant and landlord rights and rental practices across the country.

“Your Guide to Renting a Home” is located on the CMHC Web site at www.cmhc.ca. From the left-hand menu, you can select “Buying or Renting a Home” and click on “Renting a Home”.

Ontario's 2004 Retirement Homes Report

Do you want to learn more about the dynamic private retirement home market in Ontario? The 2004 Retirement Homes Report has detailed Ontario-wide survey findings by market area covering vacancy rates and per diems by bed type, capture rates, new supply and vacancy rates by rent range for private beds as well as rent distributions. Order your copy today by calling **1-800-493-0059**.

Housing Now is published four times a year. An annual subscription to the St. Catharines-Niagara Housing Now is \$55 plus GST. For more information and to order; please call Ontario Market Analysis customer service at 1-800-493-0059.

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