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NEW HOME MARKET

Housing starts reach a 14-year high in 2004

A strong fourth quarter has helped push housing starts in the St. Catharines-Niagara Census Metropolitan Area (CMA) to their highest level in 14 years. The number of homes started jumped 23 per cent to reach 1,781 homes in 2004.

Two years of double-digit price gains for a new single-detached home has done little to temper consumer appetites for them. The low cost of money has kept new single-detached homes in demand by giving consumers the capacity to

service larger debt obligations associated with these types of houses.

Higher house prices in Toronto have contributed to stronger new home demand in the Niagara region. Potential homebuyers from the Greater Toronto Area looking for more affordable options expanded their search to other parts of the Golden horseshoe including the Niagara region.

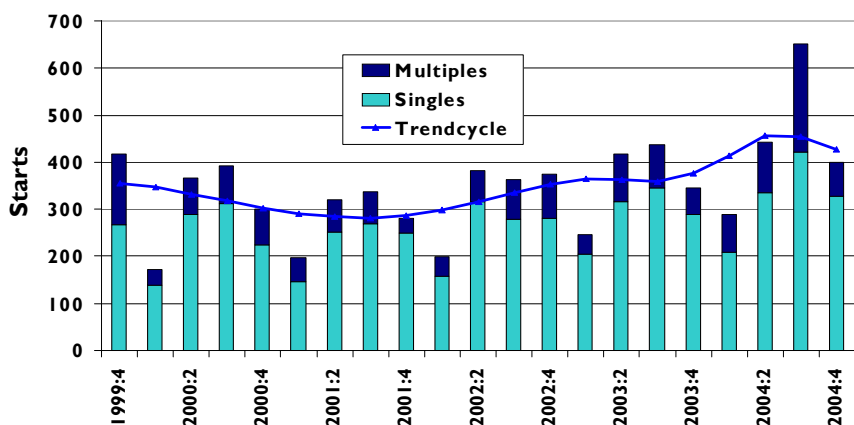
Higher prices for single-detached homes have persuaded some prospective buyers to consider more

FOURTH QUARTER 2004

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Home starts reach 14-year high in 2004
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St. Catharines-Niagara CMA Housing Starts



Source: CMHC

Milan Gnjec, CMHC - Market Analysis

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affordable multiple family homes. Multiple family homes include row townhouses, semi detached homes, condominiums and apartments. Although nowhere near the highs of the late 80's, multiple family home starts fared well in 2004 jumping almost 70 per cent.

With baby boomers in their prime second-time purchase years, many shoppers looked to the more affluent move-up markets in 2004. The city of St. Catharines, the town of Niagara-on-the-Lake, the Town of Pelham and the Town of Lincoln all experienced strong growth in housing starts last year.

On the supply side of the equation, limited choice of homes in the St. Catharines-Niagara resale market coupled with low inventories of completed and unoccupied new homes helped stimulate new home construction last year.

Economic Indicators

Job creation is an essential component of housing demand as employed individuals gain the financial ability to purchase homes. Employment levels fell slightly in 2004 as the manufacturing sector wrestled with a rising Canadian dollar. Despite the recent job losses, the region has experienced solid job growth from 1994 to 2002. This period of strong employment growth continues to fuel housing demand.

Demand for housing is sensitive to interest rate movements. Changes in rates directly affect demand for homes through their impact on a homeowners monthly mortgage payment and indirectly by promoting economic activity. Under the backdrop of a rising Canadian dollar and a lack of inflationary pressure, the Bank of Canada has decided to keep the trend setting overnight rate unchanged at 2.5 per

cent in December. Consequently, mortgage rates have followed yields in the bond market and have moved lower in the fourth quarter.

Refugees in Niagara

An increase in the number of refugees arriving in the Niagara region over the last five years has boosted the demand for lower-cost rental housing. A joint US-Canadian agreement, which bars asylum seekers from filing for asylum in Canada if they have travelled through the United States, went into effect in late December. A large number of refugees flooded the Canadian border prior to the implementation of the new agreement. This has put pressure on temporary shelters, which provide short-term housing. The December surge in refugees will also impact the local rental market. Over the long-term however, we should see less pressure from refugees as the new agreement becomes more restrictive.

MLS® sales post 15-year highs

The resale market had a tremendous year in 2004. A

combination of low mortgage rates and strong consumer confidence has pushed MLS® sales to levels not witnessed since 1989. MLS® sales have reached 6,723 in 2004 up over eight per cent from last year's level.

The resale market has shown no signs of cooling down. MLS® sales, a measure of housing demand, have trended higher in the fourth quarter. After adjusting for seasonal variations, MLS® sales have increased by 6.9 per cent from the last quarter.

The number of newly listed homes on the market, an indicator of supply, has increased slightly in 2004 but still remains close to historically low levels. This added supply has provided more choice for buyers and has played a part in boosting the level of sales this year.

Over the last three years tight resale markets in the CMA have given rise to strong home price growth. The resale market favoured the seller again in 2004. Strong sales and low levels of newly listed homes on the resale market have resulted in tight market conditions. The sales-to-new listings ratio, a leading indicator of future price growth and a measure of market tightness has remained high. These tight market conditions have put upward pressure on prices of existing homes. The average price of a resale home increased more than 10 per cent last year to reach \$170,425. With market conditions remaining tight expect prices to continue their upward trend.

On a sub-market basis since 2001, the average price of resale home has increased more than 30 per cent in both the St. Catharines and Niagara Falls-Fort Erie districts. The Welland district has trailed the other two districts with prices rising just over 20 per cent over the same period.

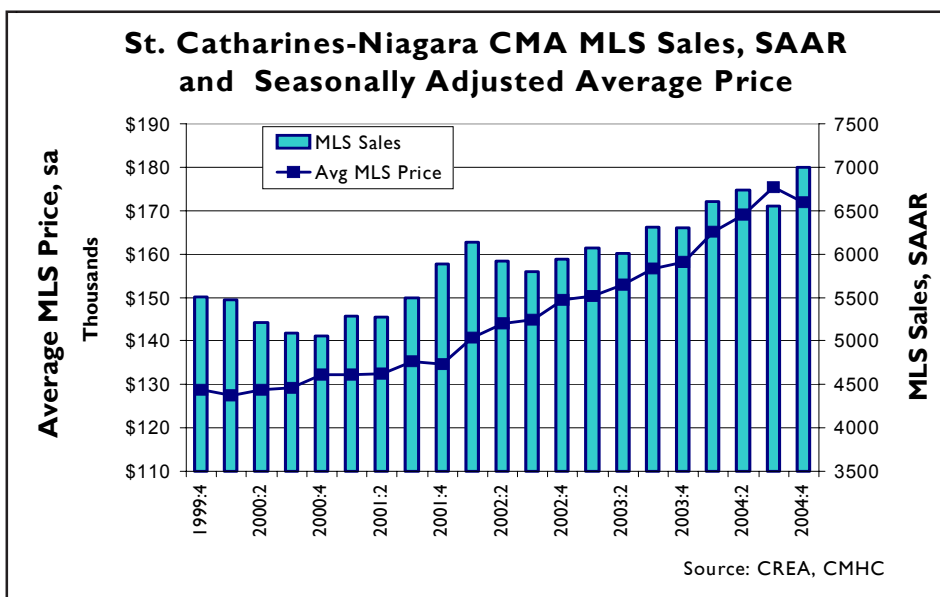


Table I: Housing Activity Summary for St. Catharines-Niagara CMA

	OWNERSHIP					RENTAL		GRAND **TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
STARTS								
Q4 2004	327	22	21	30	0	0	0	400
Q4 2003	288	12	30	16	0	0	0	346
% Change	13.5	83.3	-30.0	87.5	NA	NA	NA	15.6
Year-to-date 2004	1,292	82	176	96	0	19	116	1,781
Year-to-date 2003	1,154	56	146	70	11	0	7	1,444
% Change	12.0	46.4	20.5	37.1	-100.0	NA	**	23.3
UNDER CONSTRUCTION								
December 2004	564	46	136	152	0	4	111	1,013
December 2003	469	30	119	134	0	0	3	755
COMPLETIONS								
Q4 2004	382	16	41	10	0	9	0	458
Q4 2003	297	24	36	13	0	0	0	370
% Change	28.6	-33.3	13.9	-23.1	NA	NA	NA	23.8
Year-to-date 2004	1,197	66	154	78	0	16	5	1,516
Year-to-date 2003	1,096	72	118	33	0	0	4	1,323
% Change	9.2	-8.3	30.5	136.4	NA	NA	25.0	14.6
COMPLETE & NOT ABSORBED								
December 2004	62	8	6	2	0	0	0	78
December 2003	68	6	6	6	0	0	0	86
ABSORPTIONS								
Q4 2004	368	14	44	14	0	9	0	449
Q4 2003	301	28	38	13	0	0	0	380
% Change	22.3	-50.0	15.8	7.7	NA	NA	NA	18.2
Year-to-date 2004	1,202	64	154	82	0	16	5	1,523
Year-to-date 2003	1,105	88	121	38	0	0	4	1,356
% Change	8.8	-27.3	27.3	115.8	NA	NA	25.0	12.3

*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		
	Q4 2003	Q4 2004	% change	Q4 2003	Q4 2004	% change	Q4 2003	Q4 2004	% change
St. Catharines-Niagara CMA	288	327	13.5	58	73	25.9	346	400	15.6
St. Catharines City	51	57	11.8	18	10	-44.4	69	67	-2.9
Niagara Falls	49	79	61.2	0	11	NA	49	90	83.7
Welland	33	43	30.3	14	0	NA	47	43	-8.5
Lincoln Town	19	18	-5.3	4	8	100.0	23	26	13.0
Fort Erie	30	31	3.3	2	2	0.0	32	33	3.1
Niagara-on-the-Lake	52	43	-17.3	12	32	166.7	64	75	17.2
Pelham	25	24	-4.0	0	0	NA	25	24	-4.0
Port Colborne City	8	7	-12.5	6	7	16.7	14	14	0.0
Thorold City	15	19	26.7	2	3	50.0	17	22	29.4
Wainfleet TWP.	6	6	0.0	0	0	NA	6	6	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	1,154	1,292	12.0	290	489	68.6	1,444	1,781	23.3
St. Catharines City	251	243	-3.2	62	207	**	313	450	43.8
Niagara Falls	258	297	15.1	46	34	-26.1	304	331	8.9
Welland	133	165	24.1	93	49	-47.3	226	214	-5.3
Lincoln Town	72	76	5.6	7	69	**	79	145	83.5
Fort Erie	116	138	19.0	31	7	-77.4	147	145	-1.4
Niagara-on-the-Lake	124	151	21.8	23	82	**	147	233	58.5
Pelham	75	89	18.7	0	5	NA	75	94	25.3
Port Colborne City	29	30	3.4	14	13	-7.1	43	43	0.0
Thorold City	70	80	14.3	14	23	64.3	84	103	22.6
Wainfleet TWP.	26	23	-11.5	0	0	NA	26	23	-11.5

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

Sub Market Area	Q4 2003	Q4 2004	% Change	YTD 2003	YTD 2004	% Change
St. Catharines-Niagara CMA	271,926	279,964	3.0	254,362	281,537	10.7
St. Catharines City	284,360	274,333	-3.5	262,441	268,464	2.3
Niagara Falls	265,036	276,048	4.2	241,810	277,857	14.9
Welland	199,829	204,565	2.4	191,510	203,755	6.4
Lincoln Town	380,137	305,953	-19.5	299,313	304,429	1.7
Fort Erie	202,627	234,849	15.9	224,190	249,797	11.4
Niagara-on-the-Lake	360,336	424,926	17.9	344,862	386,241	12.0
Pelham	323,164	379,585	17.5	304,250	354,736	16.6
Port Colborne City	198,271	241,528	21.8	191,832	258,945	35.0
Thorold City	236,244	214,865	-9.0	228,957	212,333	-7.3
Wainfleet TWP.	272,000	296,667	9.1	225,900	319,988	41.7

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														
Q4 2004	16	4.3	67	18.2	83	22.6	76	20.7	108	29.3	18	4.9	368	
Q4 2003	14	4.7	64	21.3	81	26.9	52	17.3	75	24.9	15	5.0	301	
YTD 2004	38	3.2	214	17.8	306	25.5	239	19.9	342	28.5	63	5.2	1202	
YTD 2003	48	4.3	297	26.9	320	29.0	187	16.9	214	19.4	39	3.5	1105	
St. Catharines City														
Q4 2004	2	3.3	4	6.7	19	31.7	18	30.0	17	28.3	0	0.0	60	
Q4 2003	0	0.0	10	15.6	25	39.1	16	25.0	8	12.5	5	7.8	64	
YTD 2004	4	1.8	24	10.6	77	33.9	65	28.6	53	23.3	4	1.8	227	
YTD 2003	0	0.0	42	18.1	93	40.1	55	23.7	34	14.7	8	3.4	232	
Niagara Falls														
Q4 2004	2	2.3	3	3.4	35	39.8	29	33.0	14	15.9	5	5.7	88	
Q4 2003	0	0.0	13	22.0	22	37.3	12	20.3	8	13.6	4	6.8	59	
YTD 2004	3	1.0	28	9.7	111	38.4	77	26.6	53	18.3	17	5.9	289	
YTD 2003	6	2.5	78	32.8	76	31.9	43	18.1	27	11.3	8	3.4	238	
Welland														
Q4 2004	3	5.9	30	58.8	5	9.8	9	17.6	4	7.8	0	0.0	51	
Q4 2003	1	2.9	19	54.3	9	25.7	4	11.4	2	5.7	0	0.0	35	
YTD 2004	6	4.3	82	59.0	19	13.7	20	14.4	12	8.6	0	0.0	139	
YTD 2003	6	4.5	71	53.8	42	31.8	10	7.6	3	2.3	0	0.0	132	
Lincoln Town														
Q4 2004	0	0.0	2	10.5	4	21.1	5	26.3	6	31.6	2	10.5	19	
Q4 2003	1	5.3	1	5.3	4	21.1	3	15.8	6	31.6	4	21.1	19	
YTD 2004	1	1.4	6	8.7	22	31.9	12	17.4	22	31.9	6	8.7	69	
YTD 2003	1	1.1	15	16.5	33	36.3	12	13.2	22	24.2	8	8.8	91	
Fort Erie														
Q4 2004	4	10.5	13	34.2	8	21.1	4	10.5	9	23.7	0	0.0	38	
Q4 2003	9	23.7	16	42.1	5	13.2	3	7.9	5	13.2	0	0.0	38	
YTD 2004	14	11.3	40	32.3	32	25.8	12	9.7	20	16.1	6	4.8	124	
YTD 2003	24	18.5	55	42.3	18	13.8	10	7.7	17	13.1	6	4.6	130	
Niagara-on-the-Lake														
Q4 2004	0	0.0	0	0.0	0	0.0	0	0.0	34	87.2	5	12.8	39	
Q4 2003	0	0.0	0	0.0	1	2.6	5	12.8	31	79.5	2	5.1	39	
YTD 2004	0	0.0	0	0.0	9	5.9	20	13.1	108	70.6	16	10.5	153	
YTD 2003	0	0.0	1	0.9	21	18.9	13	11.7	70	63.1	6	5.4	111	
Pelham														
Q4 2004	0	0.0	0	0.0	0	0.0	4	16.0	16	64.0	5	20.0	25	
Q4 2003	0	0.0	1	9.1	1	9.1	0	0.0	9	81.8	0	0.0	11	
YTD 2004	0	0.0	0	0.0	6	7.2	13	15.7	55	66.3	9	10.8	83	
YTD 2003	0	0.0	2	3.4	8	13.6	17	28.8	31	52.5	1	1.7	59	
Port Colborne City														
Q4 2004	3	16.7	3	16.7	5	27.8	2	11.1	4	22.2	1	5.6	18	
Q4 2003	1	14.3	3	42.9	2	28.6	0	0.0	1	14.3	0	0.0	7	
YTD 2004	4	13.8	7	24.1	6	20.7	4	13.8	5	17.2	3	10.3	29	
YTD 2003	2	9.1	14	63.6	4	18.2	0	0.0	2	9.1	0	0.0	22	
Thorold City														
Q4 2004	2	7.4	11	40.7	7	25.9	5	18.5	2	7.4	0	0.0	27	
Q4 2003	2	9.1	1	4.5	9	40.9	7	31.8	3	13.6	0	0.0	22	
YTD 2004	6	8.5	26	36.6	23	32.4	12	16.9	4	5.6	0	0.0	71	
YTD 2003	9	14.5	8	12.9	19	30.6	20	32.3	4	6.5	2	3.2	62	
Wainfleet TWP.														
Q4 2004	0	0.0	1	33.3	0	0.0	0	0.0	2	66.7	0	0.0	3	
Q4 2003	0	0.0	0	0.0	3	42.9	2	28.6	2	28.6	0	0.0	7	
YTD 2004	0	0.0	1	5.6	1	5.6	4	22.2	10	55.6	2	11.1	18	
YTD 2003	0	0.0	11	39.3	6	21.4	7	25.0	4	14.3	0	0.0	28	

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						
Q4 2003	1,274	4.6	1,787	71.3	159,101	5.5
Q4 2004	1,428	12.1	2,076	68.8	172,683	8.5
YTD 2003	6,174	3.7	9,270		154,558	6.8
YTD 2004	6,723	8.9	10,064		170,425	10.3
St. Catharines district						
Q4 2003	626	6.1	840	74.5	172,530	6.6
Q4 2004	649	3.7	932	69.6	190,085	10.2
YTD 2003	3,068	9.5	4,366		166,749	6.5
YTD 2004	3,140	2.3	4,705		184,239	10.5
Niagara Falls-Fort Erie						
Q4 2003	382	3.0	560	68.2	147,193	4.8
Q4 2004	447	17.0	642	69.6	165,882	12.7
YTD 2003	1,789	-1.6	2,876		143,839	8.0
YTD 2004	2,035	13.8	3,025		161,896	12.6
Welland district						
Q4 2003	266	3.5	387	68.7	144,599	3.0
Q4 2004	332	24.8	502	66.1	147,823	2.2
YTD 2003	1,317	-1.0	2,028		140,721	3.9
YTD 2004	1,548	17.5	2,334		153,617	9.2
Historical Annual 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

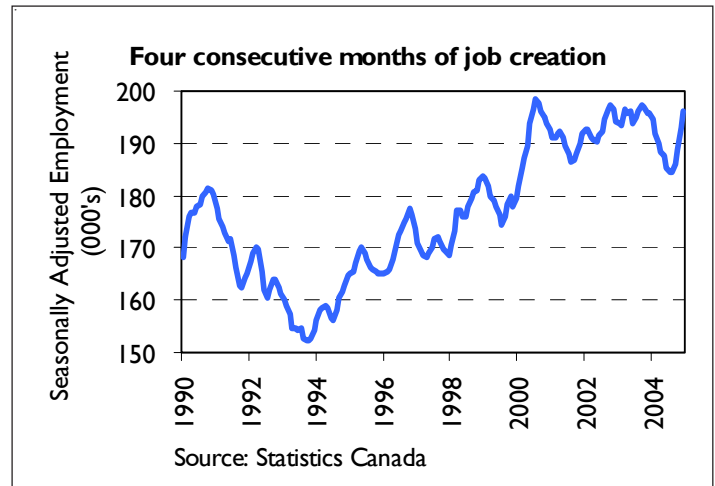
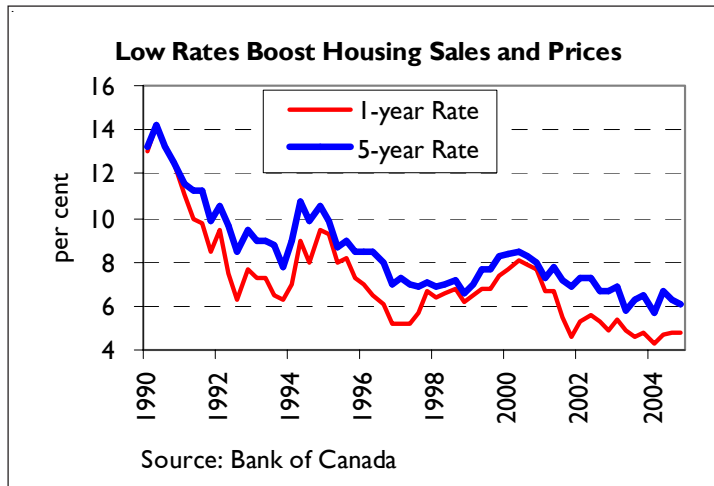
		Interest and Exchange Rates				Inflation Rate (%) Ontario 1996=100	NHPI*** % chg. St. Catharines- Niagara CMA 1997=100	St. Catharines-Niagara CMA Labour Market		
		P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)			Employment SA** (,000)	Employment SA m/m (%)	Unemployment Rate (%) SA
			1 Yr. Term	5 Yr. Term						
2003	January	666.80	4.9	6.5	0.657	4.3	3.1	187.8	0.4	7.7
	February	675.90	4.9	6.6	0.674	4.4	3.3	189.1	0.7	7.8
	March	691.18	5.4	6.9	0.681	3.3	3.5	193.2	2.2	6.6
	April	678.94	5.4	6.7	0.698	2.3	3.1	192.3	-0.5	6.6
	May	648.75	5.1	6.2	0.731	2.7	4.3	191.8	-0.3	6.4
	June	627.97	4.9	5.8	0.742	2.5	5.0	190.3	-0.8	6.9
	July	651.74	4.6	6.2	0.712	1.9	5.3	191.6	0.7	6.9
	August	660.76	4.6	6.4	0.722	1.7	5.4	193.2	0.8	7.0
	September	657.75	4.6	6.3	0.741	2.2	6.2	193.5	0.2	7.0
	October	663.77	4.6	6.4	0.758	1.7	5.8	192.7	-0.4	7.2
	November	669.82	4.8	6.5	0.770	1.7	7.5	190.8	-1.0	7.3
	December	666.80	4.8	6.5	0.771	3.0	6.5	190.3	-0.3	6.8
2004	January	642.78	4.3	6.1	0.755	1.5	5.5	189.0	-0.7	6.9
	February	627.97	4.3	5.8	0.749	0.8	6.1	187.7	-0.7	7.1
	March	622.08	4.3	5.7	0.763	1.1	6.0	186.7	-0.5	7.7
	April	648.75	4.5	6.2	0.729	2.3	6.7	185.5	-0.6	7.8
	May	669.82	4.6	6.5	0.733	2.8	4.8	184.1	-0.8	8.0
	June	681.99	4.7	6.7	0.750	2.4	6.9	182.6	-0.8	8.1
	July	672.86	4.6	6.6	0.752	2.4	7.6	182.6		8.1
	August	657.75	4.4	6.3	0.762	1.5	7.1	183.6	0.5	7.8
	September	657.75	4.8	6.3	0.793	1.5	8.1	185.8	1.2	7.1
	October	663.77	4.9	6.4	0.821	2.1	7.9	188.4	1.4	6.5
	November	657.75	5.0	6.3	0.843	2.2	6.8	192.0	1.9	6.4
	December	642.78	4.8	6.1	0.832	1.9		194.4	1.3	6.6

*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**.

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