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### NEW HOME MARKET

#### Slow Start to the Year

The rapid pace of new home construction that was evident all through last year has eased. Construction started on 260 homes in 2005Q1, down almost 10 per cent from 2004Q1.

The slowdown in new home construction came entirely from the single-detached sector. The number of single-detached starts in the first quarter fell 13 per cent from the same time last year. Despite the decline in starts, the economic and demographic factors that influence the single-detached market remain very healthy. The slowdown in the first quarter was largely due to poor

weather conditions in January and February. The arrival of warmer weather in March pushed single-detached starts back to stronger levels.

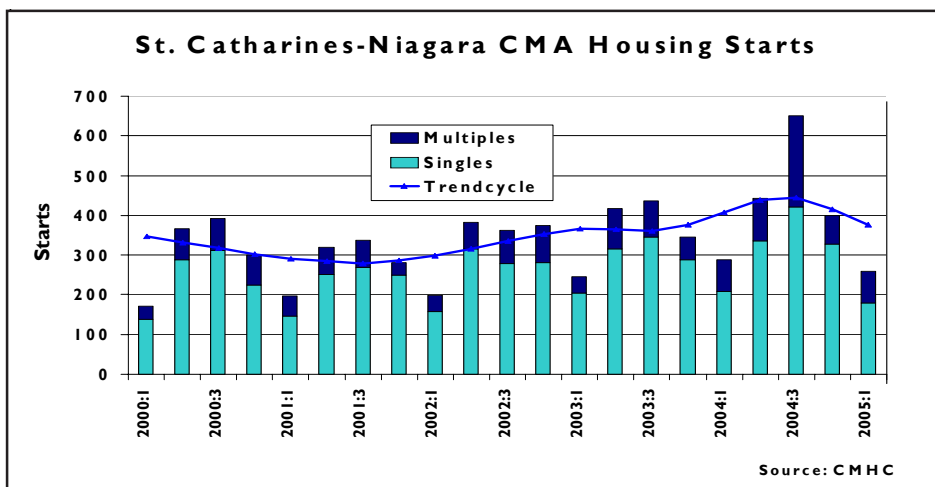
Semi-detached, and townhouse starts held up better this quarter than single-detached home starts. The sticker shock associated with new single-detached home prices pushed some potential buyers towards more affordable forms of housing such as semi-detached and townhouses.

Strong housing demand, higher costs associated with labour and materials,

### FIRST QUARTER 2005

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Milan Gnjec, CMHC - Market Analysis

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and rising land values all contributed to higher home prices. Between February 2005 and February 2004 the NHPI for the St. Catharines-Niagara CMA increased 8.5 per cent. The New Housing Price Index (NHPI) tracks changes over time in the contractors' selling price of new home. The index assumes that the size, quality and location of the home remain the same.

The current construction boom in the Niagara region is very different from the cycle of the late 80's. The run-up in home

construction of the late 80's was partly influenced by speculators, who attempted to profit from rapidly escalating home prices. Builders and realtors suggest that the speculative behaviour prevalent in the late 80's is not as widespread today. This is echoed in the low number of newly completed and unoccupied single and semi-detached homes in the region. Strong ownership demand is driving new home construction this time around.

## HOT RESALE MARKET

After adjusting for seasonal variations, MLS® sales moved lower this quarter. Despite the decline, MLS® sales remain at very high levels. With a seasonally adjusted annual rate (SAAR) of just under 6,500 SAAR in the first quarter, sales are very strong.

Seasonally adjusted MLS® new listings, an indicator of supply, has moved lower in the first quarter. More homes are expected to come onto the market, as there are a large number of homes currently under construction, some of which have been purchased by local residents. As these homes reach completion, buyers will begin to take occupancy

of their new homes putting their old home up for sale.

Tight resale market conditions, prevalent in the Niagara region, are putting upward pressure on home prices. With supply moving in step with demand this quarter the sales-to-new listings ratio, a measure of price pressure, remained firmly planted in sellers territory. The average MLS® resale price of a home sits at \$175,500, up 7.4% from the same time last year.

Higher home prices impact both homeowners and potential first-time buyers. Rising house prices improve a homeowner's balance

sheet, as the value of their investment grows. In contrast, first time buyers often view higher home prices as an impediment to enter the market. However, low mortgage rates have shielded many first time buyers. In inflation-adjusted terms, monthly carrying costs (principal plus interest) have remained relatively low.

## STRONG ECONOMIC CONDITIONS

While the job market has been flat for the last four years, there are 20 per cent more people working today than there was ten years ago and many are saving for a down payment. A near record high employment rate in the region suggests that local consumer confidence will be strong.

A higher Canadian dollar, lower than expected economic growth and a lack of inflationary pressure have prompted the Bank of Canada to keep the overnight rate unchanged at 2.5 per cent. Bond markets are forward looking and yields have moved higher this quarter anticipating that the Bank will increase the trend-setting rate later this year. Fixed mortgage rates have followed yields in the bond market and have inched higher.

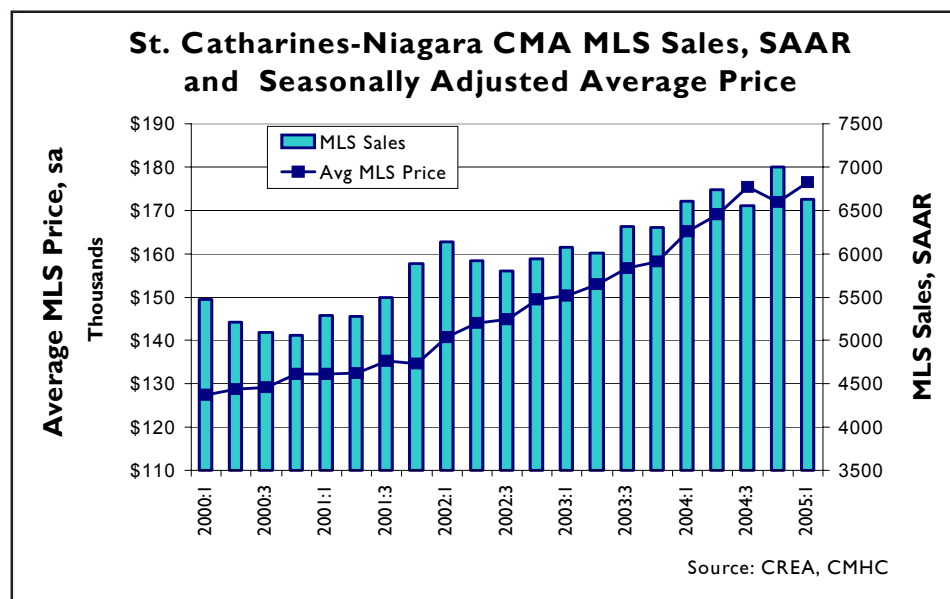
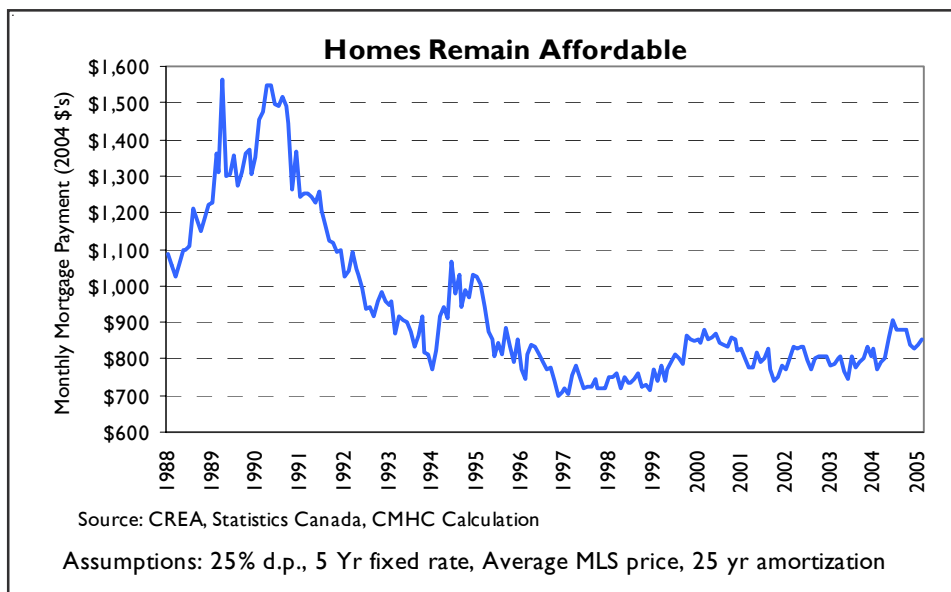


Table I: Housing Activity Summary for St. Catharines-Niagara CMA

	OWNERSHIP					RENTAL		GRAND **TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
<b>STARTS</b>								
Q1 2005	180	16	40	19	0	5	0	260
Q1 2004	208	14	44	17	0	3	2	288
% Change	-13.5	14.3	-9.1	11.8	NA	66.7	-100.0	-9.7
Year-to-date 2005	180	16	40	19	0	5	0	260
Year-to-date 2004	208	14	44	17	0	3	2	288
% Change	-13.5	14.3	-9.1	11.8	NA	66.7	-100.0	-9.7
<b>UNDER CONSTRUCTION</b>								
March 2005	458	42	148	128	0	5	106	887
March 2004	436	32	140	132	0	3	5	748
<b>COMPLETIONS</b>								
Q1 2005	283	20	28	43	0	4	5	383
Q1 2004	241	12	23	19	0	0	0	295
% Change	17.4	66.7	21.7	126.3	NA	NA	NA	29.8
Year-to-date 2005	283	20	28	43	0	4	5	383
Year-to-date 2004	241	12	23	19	0	0	0	295
% Change	17.4	66.7	21.7	126.3	NA	NA	NA	29.8
<b>COMPLETE &amp; NOT ABSORBED</b>								
March 2005	68	10	8	3	0	0	0	89
March 2004	80	2	11	4	0	0	0	97
<b>ABSORPTIONS</b>								
Q1 2005	276	18	26	42	0	4	5	371
Q1 2004	224	16	18	21	0	0	0	279
% Change	23.2	12.5	44.4	100.0	NA	NA	NA	33.0
Year-to-date 2005	276	18	26	42	0	4	5	371
Year-to-date 2004	224	16	18	21	0	0	0	279
% Change	23.2	12.5	44.4	100.0	NA	NA	NA	33.0

\*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		
	Q1 2004	Q1 2005	% change	Q1 2004	Q1 2005	% change	Q1 2004	Q1 2005	% change
<b>St. Catharines-Niagara CMA</b>	208	180	-13.5	80	80	0.0	288	260	-9.7
St. Catharines City	42	21	-50.0	12	28	133.3	54	49	-9.3
Niagara Falls	44	35	-20.5	14	0	NA	58	35	-39.7
Welland	25	27	8.0	14	0	NA	39	27	-30.8
Lincoln Town	14	17	21.4	3	9	200.0	17	26	52.9
Fort Erie	30	32	6.7	0	0	NA	30	32	6.7
Niagara-on-the-Lake	29	21	-27.6	31	23	-25.8	60	44	-26.7
Pelham	9	11	22.2	2	4	100.0	11	15	36.4
Port Colborne City	2	3	50.0	0	7	NA	2	10	**
Thorold City	12	9	-25.0	4	9	125.0	16	18	12.5
Wainfleet TWP.	1	4	**	0	0	NA	1	4	**

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

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2004	YTD 2005	% change	YTD 2004	YTD 2005	% change	YTD 2004	YTD 2005	% change
<b>St. Catharines-Niagara CMA</b>	208	180	-13.5	80	80	0.0	288	260	-9.7
St. Catharines City	42	21	-50.0	12	28	133.3	54	49	-9.3
Niagara Falls	44	35	-20.5	14	0	NA	58	35	-39.7
Welland	25	27	8.0	14	0	NA	39	27	-30.8
Lincoln Town	14	17	21.4	3	9	200.0	17	26	52.9
Fort Erie	30	32	6.7	0	0	NA	30	32	6.7
Niagara-on-the-Lake	29	21	-27.6	31	23	-25.8	60	44	-26.7
Pelham	9	11	22.2	2	4	100.0	11	15	36.4
Port Colborne City	2	3	50.0	0	7	NA	2	10	**
Thorold City	12	9	-25.0	4	9	125.0	16	18	12.5
Wainfleet TWP.	1	4	**	0	0	NA	1	4	**

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

Sub Market Area	Q1 2004	Q1 2005	% Change	YTD 2004	YTD 2005	% Change
<b>St. Catharines-Niagara CMA</b>	276,671	265,221	-4.1	276,671	265,221	-4.1
St. Catharines City	270,131	276,096	2.2	270,131	276,096	2.2
Niagara Falls	298,363	253,268	-15.1	298,363	253,268	-15.1
Welland	194,489	217,065	11.6	194,489	217,065	11.6
Lincoln Town	297,584	305,959	2.8	297,584	305,959	2.8
Fort Erie	230,685	214,429	-7.0	230,685	214,429	-7.0
Niagara-on-the-Lake	347,400	373,733	7.6	347,400	373,733	7.6
Pelham	321,059	352,033	9.6	321,059	352,033	9.6
Port Colborne City	324,667	210,180	-35.3	324,667	210,180	-35.3
Thorold City	214,596	195,430	-8.9	214,596	195,430	-8.9
Wainfleet TWP.	336,800	293,429	-12.9	336,800	293,429	-12.9

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 (%)	
<b>St. Catharines-Niagara CMA</b>													
Q1 2005	9	3.3	52	18.8	77	27.9	53	19.2	76	27.5	9	3.3	276
Q1 2004	7	3.1	48	21.4	56	25.0	50	22.3	53	23.7	10	4.5	224
YTD 2005	9	3.3	52	18.8	77	27.9	53	19.2	76	27.5	9	3.3	276
YTD 2004	7	3.1	48	21.4	56	25.0	50	22.3	53	23.7	10	4.5	224
<b>St. Catharines City</b>													
Q1 2005	0	0.0	3	6.5	13	28.3	15	32.6	14	30.4	1	2.2	46
Q1 2004	0	0.0	8	18.2	8	18.2	19	43.2	8	18.2	1	2.3	44
YTD 2005	0	0.0	3	6.5	13	28.3	15	32.6	14	30.4	1	2.2	46
YTD 2004	0	0.0	8	18.2	8	18.2	19	43.2	8	18.2	1	2.3	44
<b>Niagara Falls</b>													
Q1 2005	0	0.0	9	15.0	29	48.3	8	13.3	12	20.0	2	3.3	60
Q1 2004	1	1.7	9	15.3	20	33.9	14	23.7	10	16.9	5	8.5	59
YTD 2005	0	0.0	9	15.0	29	48.3	8	13.3	12	20.0	2	3.3	60
YTD 2004	1	1.7	9	15.3	20	33.9	14	23.7	10	16.9	5	8.5	59
<b>Welland</b>													
Q1 2005	1	2.0	25	50.0	10	20.0	9	18.0	5	10.0	0	0.0	50
Q1 2004	3	10.3	15	51.7	5	17.2	4	13.8	2	6.9	0	0.0	29
YTD 2005	1	2.0	25	50.0	10	20.0	9	18.0	5	10.0	0	0.0	50
YTD 2004	3	10.3	15	51.7	5	17.2	4	13.8	2	6.9	0	0.0	29
<b>Lincoln Town</b>													
Q1 2005	0	0.0	0	0.0	10	58.8	0	0.0	6	35.3	1	5.9	17
Q1 2004	1	5.0	1	5.0	8	40.0	1	5.0	9	45.0	0	0.0	20
YTD 2005	0	0.0	0	0.0	10	58.8	0	0.0	6	35.3	1	5.9	17
YTD 2004	1	5.0	1	5.0	8	40.0	1	5.0	9	45.0	0	0.0	20
<b>Fort Erie</b>													
Q1 2005	6	19.4	5	16.1	10	32.3	8	25.8	2	6.5	0	0.0	31
Q1 2004	2	10.0	10	50.0	4	20.0	3	15.0	0	0.0	1	5.0	20
YTD 2005	6	19.4	5	16.1	10	32.3	8	25.8	2	6.5	0	0.0	31
YTD 2004	2	10.0	10	50.0	4	20.0	3	15.0	0	0.0	1	5.0	20
<b>Niagara-on-the-Lake</b>													
Q1 2005	0	0.0	0	0.0	0	0.0	1	3.3	27	90.0	2	6.7	30
Q1 2004	0	0.0	0	0.0	4	22.2	3	16.7	10	55.6	1	5.6	18
YTD 2005	0	0.0	0	0.0	0	0.0	1	3.3	27	90.0	2	6.7	30
YTD 2004	0	0.0	0	0.0	4	22.2	3	16.7	10	55.6	1	5.6	18
<b>Pelham</b>													
Q1 2005	0	0.0	1	6.7	1	6.7	4	26.7	6	40.0	3	20.0	15
Q1 2004	0	0.0	0	0.0	3	17.6	2	11.8	12	70.6	0	0.0	17
YTD 2005	0	0.0	1	6.7	1	6.7	4	26.7	6	40.0	3	20.0	15
YTD 2004	0	0.0	0	0.0	3	17.6	2	11.8	12	70.6	0	0.0	17
<b>Port Colborne City</b>													
Q1 2005	0	0.0	4	40.0	3	30.0	3	30.0	0	0.0	0	0.0	10
Q1 2004	0	0.0	2	66.7	0	0.0	0	0.0	0	0.0	1	33.3	3
YTD 2005	0	0.0	4	40.0	3	30.0	3	30.0	0	0.0	0	0.0	10
YTD 2004	0	0.0	2	66.7	0	0.0	0	0.0	0	0.0	1	33.3	3
<b>Thorold City</b>													
Q1 2005	2	20.0	5	50.0	1	10.0	1	10.0	1	10.0	0	0.0	10
Q1 2004	0	0.0	3	33.3	4	44.4	2	22.2	0	0.0	0	0.0	9
YTD 2005	2	20.0	5	50.0	1	10.0	1	10.0	1	10.0	0	0.0	10
YTD 2004	0	0.0	3	33.3	4	44.4	2	22.2	0	0.0	0	0.0	9
<b>Wainfleet TWP.</b>													
Q1 2005	0	0.0	0	0.0	0	0.0	4	57.1	3	42.9	0	0.0	7
Q1 2004	0	0.0	0	0.0	0	0.0	2	40.0	2	40.0	1	20.0	5
YTD 2005	0	0.0	0	0.0	0	0.0	4	57.1	3	42.9	0	0.0	7
YTD 2004	0	0.0	0	0.0	0	0.0	2	40.0	2	40.0	1	20.0	5

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 %
<b>All districts</b>						
Q1 2004	1,482	9.6	2,292	64.7	163,482	11.0
Q1 2005	1,458	-1.6	2,530	57.6	175,518	7.4
YTD 2004	1,482	9.6	2,292		163,482	9.9
YTD 2005	1,458	-1.6	2,530		175,518	7.4
<b>St. Catharines district</b>						
Q1 2004	758	9.2	1,090	69.5	174,046	8.9
Q1 2005	663	-12.5	1,136	58.4	193,099	10.9
YTD 2004	758	9.2	1,090		174,046	8.9
YTD 2005	663	-12.5	1,136		193,099	10.9
<b>Niagara Falls-Fort Erie</b>						
Q1 2004	394	9.4	665	59.2	155,132	15.8
Q1 2005	456	15.7	782	58.3	168,750	8.8
YTD 2004	394	9.4	665		155,132	11.1
YTD 2005	456	15.7	782		168,750	8.8
<b>Welland district</b>						
Q1 2004	330	10.7	537	61.5	149,188	11.4
Q1 2005	339	2.7	612	55.4	150,239	0.7
YTD 2004	330	10.7	537		149,188	11.4
YTD 2005	339	2.7	612		150,239	0.7
<b>Historical Data (1995-2004)</b>						
	Annual Sales	Yr/Yr %	Annual New Listings	Yr/Yr %	Annual Average Price (\$)	Yr/Yr %
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
2004	6,723	8.9	10,064	8.6	170,425	10.3

Source: Canadian Real Estate Association

Table 6: Economic Indicators

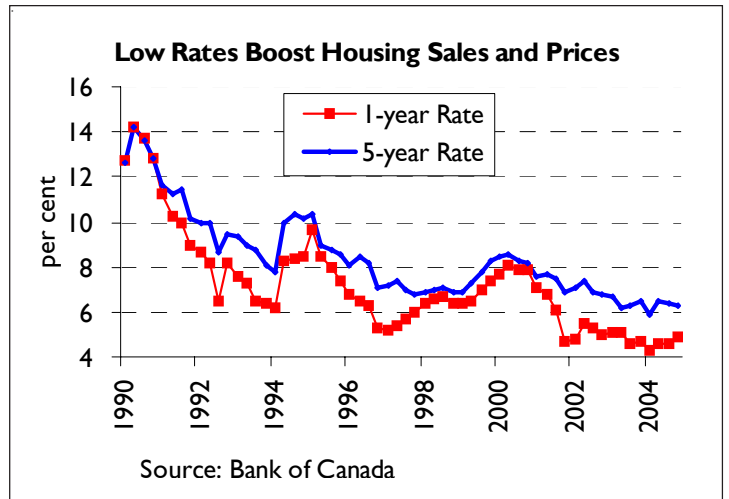
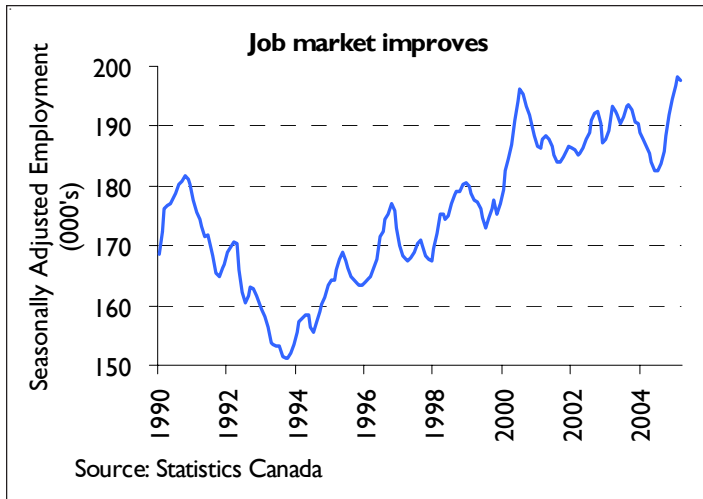
		Interest and Exchange Rates				Inflation Rate (%)	NHPI*** % chg.	St. Catharines-Niagara CMA Labour Market		
		P & I*	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)			Ontario 1996=100	St. Catharines-Niagara CMA 1997=100	Employment
			Per \$ 100,000	1 Yr. Term		5 Yr. Term	SA** (,000)			SA m/m (%)
2004	January	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	0.0	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	8.9	194.4	1.3	6.6
2005	January	642.78	4.8	6.1	0.806	1.6	9.3	196.9	1.3	6.5
	February	642.78	4.8	6.1	0.811	2.2	8.5	198.3	0.7	6.0
	March	654.74	5.1	6.3	0.827	2.3		197.8	-0.3	6.1
	April									
	May									
	June									
	July									
	August									
	September									
	October									
	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](http://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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