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# HOUSING MARKET

## OUTLOOK

Canada

Canada Mortgage and Housing Corporation

www.cmhc.ca

### Housing starts will remain strong

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#### Overview

#### Housing starts:

**2006: 222,200**

**2007: 204,100**

#### Resales:

**2006: 478,400**

**2007: 460,200**

**Housing starts:** Starts will remain very strong at 222,200 units in 2006 and 204,100 units in 2007. By next year, housing starts will have been above the 200,000 unit level for six consecutive years.

**Resales:** Sales of existing homes established a new record of nearly 483,000 units in 2005. Sales of existing homes will moderate slightly to 478,400 units in 2006 and to 460,200 units in 2007.

**Resale prices:** Prices for existing homes will increase by 11.2 per cent in 2006, their strongest growth in 17 years. In 2007 price growth will slow to 4.8 per cent as markets become more balanced.

#### Provincial SPOTLIGHT

**British Columbia:** New home construction in 2006 and 2007 will remain high by historical standards reflecting continued strong employment and income growth. As a result, housing starts will increase to 37,000 units in 2006 and edge down to about 35,000 units in 2007. ([Details on Page 9](#))

**Alberta:** Alberta's vibrant job market will continue to be a magnet for workers from other parts of Canada seeking job opportunities. The combination of a strong job market and population growth will keep total housing starts above the 40,000-unit mark in each of 2006 and 2007. ([Details on Page 10](#))

#### 2 NATIONAL OUTLOOK

#### 3 TRENDS IMPACTING HOUSING

#### 5 SPECIAL REPORT: Housing Starts 2006 to 2010

#### 8 PROVINCIAL REPORTS

8 [British Columbia](#)

9 [Alberta](#)

10 [Saskatchewan](#)

11 [Manitoba](#)

12 [Ontario](#)

13 [Quebec](#)

14 [New Brunswick](#)

15 [Nova Scotia](#)

16 [Prince Edward Island](#)

17 [Newfoundland and Labrador](#)

#### 18 FORECAST TABLES

**CMHC Housing Market Outlook Canada** is your national sales, marketing, and business planning tool.

# National Housing Outlook

## In Detail

Housing starts in Canada are forecast to decline 1.5 per cent this year to 222,200 units. Still, 2006 will be the fifth consecutive year in which housing starts exceed the 200,000 unit threshold. This forecast of 222,200 starts represents an upward revision from our previous forecast of 208,700 starts published in February. The revision is due mainly to the stronger-than-expected demand in Alberta and B.C.. Residential construction will continue to slow next year with national housing starts easing 8.1 per cent to 204,100 units.

Low mortgage rates, high employment levels and rising incomes will continue to support a historically high level of new home starts in 2006. Nevertheless, a number of factors will cause construction activity to moderate this year and next. The pent-up demand that built up during the 1990s is now being fulfilled. As a result, housing starts will gradually move in line with demographic fundamentals. Higher mortgage carrying costs, due to increases in mortgage rates and continued price growth, will temper housing demand. Demand from first-time buyers, many of whom do not have the equity to draw on for a down payment, will ebb. The rising cost of homeownership relative to renting will also decrease first-time home buying activity.

In the Ontario, Quebec and Atlantic regions, a rising supply of listings and lower average prices for existing homes compared to new homes will attract many home buyers toward the existing home market. Increased choice in the existing home market compared to the previous years will reduce the spillover of demand from the existing to the new home market. Moreover, demand for new homes will slow as easing resale price growth coupled with rising construction costs contribute to a growing price differential between new and existing homes. However, in Alberta and B.C., strong job growth will continue to attract workers from other parts of the country. The resulting strong demand for housing will keep both housing starts and MLS<sup>®</sup> sales growing in 2006.

### Starts of single homes to fall in 2006 and 2007

The slowing trend that started in 2005 will continue this year and next. Single detached starts are forecast to fall by 3.1 per cent to 116,700 units in 2006 and slide by an additional 9.5 per cent to 105,600 units in 2007.

The decline of single detached housing starts will be experienced in most provinces across Canada in 2006. In percentage terms, the largest declines will be in Ontario (14.8 per cent), Newfoundland (13.2 per cent), PEI (12.5

per cent), and Québec (10.2 per cent). The Prairie region and B.C. will buck this downward trend with gains in all four provinces (1.1 per cent, 7.2 per cent, 14.3 per cent, 10.1 for Manitoba, Saskatchewan, Alberta, and B.C. respectively).

### Multi-family home starts to remain strong

Multi-family housing starts (semi-detached, row, apartment units) will increase slightly to 105,500 units in 2006, up 0.5 per cent from the 18-year high of 105,018 units in 2005. Starts will remain at a high level in 2007 but will decline by 6.6 per cent to 98,500 units. The fall in multiple starts will be smaller than for singles. This reflects the higher mortgage carrying costs and the shift in demand from homebuyers toward less expensive homes.

Apartment starts which make about two thirds of total multi-family starts, will increase this year by 3.5 per cent while semi-detached and row starts will moderate 5.9 per cent and 5.1 per cent respectively.

The small gains in multiple starts forecast in six out of ten provinces in 2006 will be mostly offset by the weakness expected in Québec (where multiple starts are forecast to decrease by 12.9 per cent).

### MLS<sup>®</sup> sales to taper off

Existing home sales, as measured by the Multiple Listing service (MLS<sup>®</sup>), reached a record level for the fifth consecutive year in 2005. However, four consecutive years of strong price growth combined with rising mortgage rates will ease demand for existing homes in many centres across the nation. MLS<sup>®</sup> sales will dip 0.9 per cent to 478,400 units in 2006 and will decrease an additional 3.8 per cent to 460,200 units in 2007. The rising supply of new listings will give home buyers more choice and will help keep MLS<sup>®</sup> sales strong, making 2006 the second best year on record.

Sales will edge lower in all regions except in the prairies. MLS<sup>®</sup> sales will rise by 3.8 per cent, 5.9 per cent and 10.8 per cent for Manitoba, Saskatchewan and Alberta respectively.

### Record double digit gains for MLS<sup>®</sup> price in 2006

Despite the slowing trend in Ontario, Quebec and the Atlantic region, the accelerating price growth in western provinces will lead to a 17-year high price increase of 11.2 per cent in 2006. In 2007, higher listings and lower MLS<sup>®</sup> sales will move the resale market toward more balanced conditions and growth in average MLS<sup>®</sup> prices will slow to 4.8 per cent.

# Trends Impacting Housing

## The Economy

Canada's real gross domestic product (GDP) grew by 2.9 per cent in 2005. Consumer spending, which expanded by 4.0 per cent during the year, was a key contributor to economic growth. The strength in consumer spending reflected low interest rates, strong job markets, and rising incomes. Indeed, strong gains in personal disposable income caused the personal savings rate to return to positive territory by the end of last year. Low interest rates also boosted investment spending by businesses in 2005 as did strong corporate profits. Investment in machinery and equipment, which advanced by nearly 11 per cent, was particularly strong. A significant share of this machinery and equipment is imported, therefore, the high value of the Canadian dollar has made these investments more cost effective. On the downside, the high value of the Canadian dollar continues to challenge the competitiveness of Canadian goods and services. As a result, import gains have outpaced those of exports, which in turn has dampened overall GDP growth.

The Canadian economy is currently operating very close to its capacity. As a result, there is a risk that upward pressure on inflation could start to build. In fact, evidence of rising cost pressures are already evident; growth in wages and salaries has accelerated since the beginning of 2005. So far, there has been no pass-through of these rising costs to core consumer price inflation; however, further reduction in monetary stimulus may be required to keep inflationary pressures in check.

## Mortgage Rates

The Bank of Canada raised its target for the overnight rate by one-quarter of one percentage point on April 25<sup>th</sup> to 4 per cent. Short term rates will continue to rise in 2006 as the Bank of Canada removes the excess monetary stimulus at a measured pace. We expect one additional 25 basis point hike in 2006, bringing the target for the overnight lending rate to 4.25 per cent by the end of the year. It should be noted, however, that the moderating impact of the strong Canadian dollar on economic growth has lessened the need for increases in short-term interest rates in Canada.

Mortgage rates will remain low, rising moderately in 2006. Posted mortgage rates are expected to rise by 25 to 75 basis points in 2006. One, three and five-year posted mortgage rates are forecast to be in the 5.50-6.50, 5.75-6.75, and 6.00-7.00 per cent ranges respectively in 2006. In 2007, one, three and five-year mortgage rates are forecast to rise by an additional 25 basis points.

## Migration

Immigration into Canada is set to exceed the 220,000 to 245,000 target range for new permanent residents per year in 2006 and 2007. Net migration (immigration minus emigration) will increase by 7.6 per cent to about 225,000 people in 2006 and by an additional 4.7 per cent to 235,500 net migrants in 2007. Strong net migration will continue to support housing demand with the majority of newly arrived immigrants initially settling in rental accommodations. An increasing share of migrants will move into home ownership as time passes.

Strong employment growth in Alberta and B.C. has attracted a larger number of workers from other provinces. Strong positive net-interprovincial migration in Alberta and B.C. will help support high demand for both rental and ownership housing in these provinces in 2006 and 2007.

## Employment and Income

The creation of nearly 1.4 million net new jobs since the start of 2002 caused the unemployment rate to fall from 8 per cent to an all-time low of 6.4 per cent in February 2006. As a result, a record share of Canadians are employed and future job growth will become increasingly constrained by growth in the population. A surge in new jobs in the latter half of 2005 will result in an elevated launching point for the annual average employment level in 2006. Hence, employment is forecast to grow by 1.7 per cent this year and 1.5 per cent in 2007. The unemployment rate will fall for a fourth consecutive year to 6.5 per cent in 2006; in 2007 the unemployment rate will decrease to 6.3 per cent.

Alberta will lead the rest of Canada with 3.1 per cent employment growth in 2006 and 2.0 per cent growth in 2007. Employment growth will also be relatively strong in British Columbia at 2.9 per cent in 2006 and 2.3 per cent in 2007. In contrast, lacklustre job growth will be recorded in Atlantic Canada this year and next.

The tight labour market conditions have been reflected in an acceleration in wage gains during 2005; growth in both average weekly earnings and personal disposable income strengthened throughout the year. Recent income and employment growth have helped boost consumer confidence and will continue to support high levels of housing starts in 2006 and 2007.

# Trends at a Glance

## Key factors and their Effects on Residential Construction

Factor	Comment
Mortgage Rates	Mortgage rates will rise marginally in 2006 and 2007, but will remain low. Rising mortgage rates, combined with rising house prices will push up mortgage carrying costs. These higher mortgage carrying costs will cool home ownership demand.
Employment	With the economy now operating at full employment, future job growth will be increasingly constrained by population growth. Job creation will continue to stimulate housing demand, although not by as much as in previous years.
Income	Growth in personal disposable income has strengthened steadily throughout 2005. Tight labour markets and continued strong demand for workers will continue to support strong income growth, which will partially offset the negative impact of higher mortgage carrying costs on home ownership demand.
Net Migration	Net migration is expected to continue to rise in 2006 and 2007 as international immigration continues to strengthen. Toronto, Vancouver and Montreal will be the major beneficiaries as most immigrants settle in these centres. Typically, newly landed immigrants rent at first, with an increasing percentage moving into home ownership over time.
Natural Population Increase	Because Canada's population is aging, a smaller proportion of people are in their child bearing years and the birth rate is slowing. The increase in the natural population (births - deaths) will continue to slow in the years ahead which will eventually lessen the need for additions to the housing stock.
Consumer Confidence	Consumer confidence, as measured by the Conference Board of Canada, remains high and strong consumer sentiment is expected to prevail throughout 2006. This will support strong demand for home ownership.
Resale Market	After reaching a new record level in 2005, MLS <sup>®</sup> sales will moderate slightly in 2006 and 2007. Easing sales combined with an increasing number of new listings will result in a decrease in price pressures this year and next as the resale market moves into more balanced territory. As a result, the rate of increase in the average existing home price will slow this year and next.
Vacancy Rates	The growth in rental demand due to increased immigration will be offset by modest rental construction, and increased competition from the condo market. As a result, vacancy rates across Canada's metropolitan centres will edge higher in 2006.

# Special Report: Outlook for Housing Starts 2006-2010

The outlook for the housing market remains very upbeat for 2006 and 2007 with housing starts remaining above the 200,000 unit threshold in both years. What does the future hold beyond 2007? In this report we will present our long term projection for housing starts and highlight some of the key regional trends.

## Economic and demographic conditions will continue to support a high level of housing starts

The outlook for Canada is very upbeat, however, the economy is operating at capacity. Our forecast for economic growth of roughly 3 per cent in 2006 and 2007 implies that capacity constraints will still prevail in 2008 as we enter into the horizon of our long term forecast. As a result, real GDP in Canada is forecast to continue to grow at a pace that is in line with the country's potential rate of growth; about 3 per cent annually from 2008 to 2010.

These capacity constraints will be mirrored in the labour market, which is very tight. A record share of Canadians are currently employed, therefore, job creation will be constrained by growth in the population. Over the 2008 to 2010 period, employment growth will average 1.4 per cent annually; a pace sufficient to keep the unemployment rate near 6 per cent.

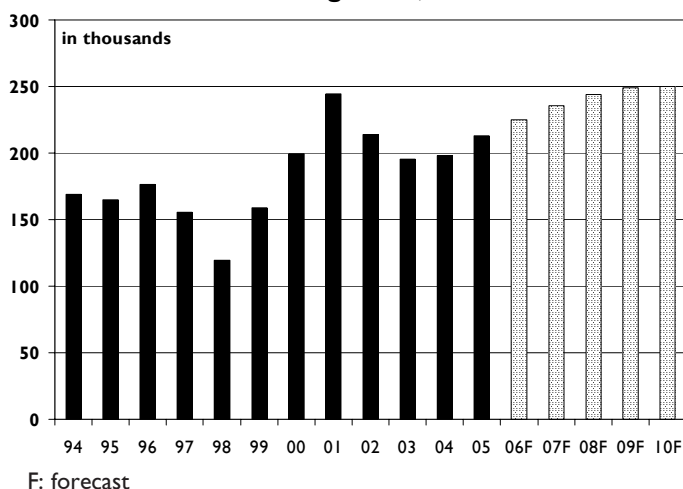
higher mortgage rates, it will contribute to increasing mortgage carrying costs.

Favourable economic conditions, such as relatively low mortgage rates can boost demand for housing, particularly in the short to medium term; population growth is a key driver of housing demand in the longer term. In recent years, a key source of population growth has come from immigration. Over the 2008 to 2010 period, tight labour market conditions will provide an attractive environment that will continue to draw large numbers of immigrants to Canada. As a result, total net migration is forecast to rise steadily from about 223,000 people in 2005 to over 250,000 people in 2010. The rise in net-migration will boost population growth and household formation, which in turn will support high levels of housing starts through 2010.

## Housing starts will remain high but will slide gradually between 2008 and 2010

The pace of housing starts has been running ahead of demographic requirements since 2002 and will continue to do so for the next several years. Because of this, the significant pent-up demand that accumulated over the 1990s is wearing off. Looking ahead to the 2008 to 2010 period, housing starts are expected to continue to slow gradually, dipping below 200,000 units to reach 193,900 starts in 2008. By 2010, starts will slow to about 184,000 units.

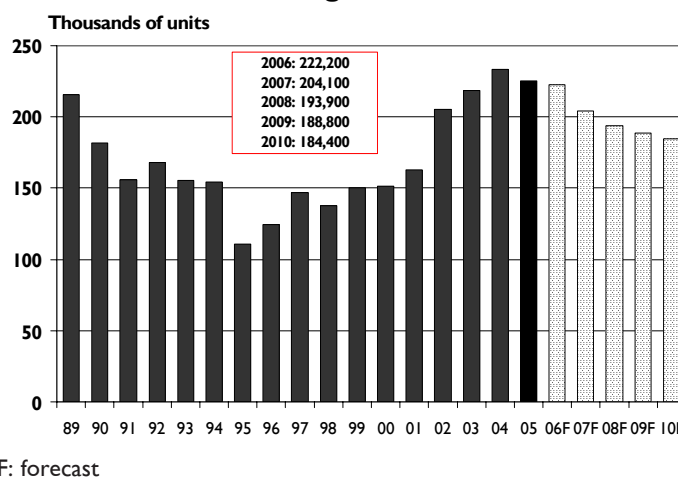
Total Net Migration, Canada



When the economy operates at or above its capacity for an extended period of time, there is a significant risk that inflationary pressures will start to build. Because of this, the Bank of Canada has been increasing short-term interest rates with the objective of removing excess monetary stimulus from the economy. At this point, the rise in short-term interest rates has largely run its course, however, we do expect longer term interest rates to continue to increase gradually over the next 5 years. As a result, mortgage rates are expected to edge higher between 2008 and 2010.

The rate of increase in house prices will slow as resale markets become more balanced later in the decade. The average MLS house price will grow in the 2.5 to 3.5 per cent range between 2008 and 2010. This pace of price growth represents a marked slowing from the pace of over 11 per cent forecast for 2006, nevertheless, when combined with

Total Housing Starts, Canada



### **The decrease in starts will be more pronounced for single homes**

Starts of multiple family dwellings, such as apartments, semi-detached and row houses, will not decrease as rapidly as starts of single family homes. There are several reasons for this, but the two key ones are: Multiple-family homes are less expensive on average than singles. Therefore, following several years of strong house price appreciation, the continued rise in mortgage carrying costs will cause demand to shift away from singles toward multis. Second, immigration will be the major contributor to population growth over the forecast period and most immigrants tend to settle in rental housing when they first arrive in Canada. Therefore, high demand for rental housing will boost multiple starts relative to single starts. Multiple starts will decrease by 8.6 per cent between 2008 and 2010 to reach 90,000 units. Starts of single homes over this period will drop by 10.6 per cent to reach 94,400 units.

#### **Provincial details: 2006-2010**

The declining trend in Canadian housing starts over the 2008 to 2010 period will be reflected in all provinces except Manitoba, where starts are forecast to climb to 5,600 units by 2010, about 18 per cent above their 2005 level.

#### **Newfoundland and Labrador**

GDP will be negatively affected by expected declines in oil production at Terra Nova and Hibernia, as these projects will be passed their production peaks. The \$2 billion windfall from the Atlantic Accord deal and sustained increases in federal transfers have significantly improved the province's fiscal outlook, however, the province has the highest per capita debt levels in the country. Therefore, fiscal restraint measures will remain a drag on the economy. Population losses will continue, reflecting ongoing negative net-migration patterns and a continuing decline in the natural population. Given the current demographic and economic outlook, a gradual decline in housing demand is anticipated. Housing starts will decrease to 1,900 units in 2008 and reach 1,800 units in 2010.

#### **Prince Edward Island**

The Island's economy will grow at a modest pace between 2008 and 2010. The Island's traditional sectors, tourism, agriculture and fisheries are all expected to contribute to the positive outlook, however, efforts to diversify the Island's economy will decrease its reliance on these primary industries going forward. The modest economic growth in P.E.I. will be reflected in weak employment growth. Net-migration will remain positive as people continue to return to the Island to either finish out their careers or retire. This increase in population

should serve to maintain the demand for housing. Housing starts will decrease to 670 units in 2008 and will reach 645 units in 2010.

#### **Nova Scotia**

Tepid economic and employment growth is expected in Nova Scotia through 2010, with a steadily increasing share of growth being delivered through investment as non-residential construction activity ramps up and consumer spending slows. Provincial housing market activity is forecast to peak in 2006, after which successive annual declines in MLS sales and total housing starts are expected. Housing starts will decrease to 4,500 units in 2008 and by 2010 they will fall to 4,050 units.

#### **New Brunswick**

Modest economic growth is expected in New Brunswick over the 2008 to 2010 period. Overall population growth will be modest, however, intra-provincial migration toward the province's largest urban centres will create some demand for new homes. However, rising mortgage rates and weak employment growth will cause housing starts to decrease from just under 3,300 units in 2008 to 2,950 units in 2010.

#### **Quebec**

While slower employment growth, rising interest rates, and increased supply on the resale market will lower the demand for new homes in the next five years, immigration and the aging of the population shall moderate this decline. Housing starts should thus decrease to 38,000 units in 2008 and reach 36,000 units in 2010. Given the aging of the population, it is expected that multi-family housing will make up a larger share of new home construction. Many retiring baby boomers will opt for condominium apartments, while many members of older age groups will move into retirement residences.

#### **Ontario**

Economic growth in Ontario will be modest in the near term but will converge on the Canadian average by 2008. Slower job growth, lower levels of in-migration, and a more balanced resale market will cause demand for new homes to moderate. New construction demand will also be constrained by supply considerations - namely tighter supply of serviced lots available for residential development. Ontario home starts will decrease to 66,000 units in 2008 and will continue to trend lower, reaching 64,000 units by 2010. Modestly priced multi family homes will capture a larger share of new construction activity.

**Manitoba**

Housing starts are expected to remain high in Manitoba for the next few years fuelled by continued population and household growth as well as favourable economic conditions. In Winnipeg there appears to be some pent-up demand as household growth has outstripped the growth of the housing stock for several years. With little selection in the resale market, home buyers will continue to be pushed to the new home market keeping single-family starts high. Housing starts will increase to 5,200 units by 2008 and rise further to 5,600 units by 2010.

**Saskatchewan**

Saskatchewan will continue to benefit from high demand for its natural resources yielding robust economic growth. Net-migration will remain negative but will improve steadily throughout the forecast period. Rising prices and a slow increase in mortgage interest rates will encourage first-time home buyers to return to the existing home market. Housing starts will moderate to 3,500 units in 2008 and will remain at that level through 2010.

**Alberta**

Thanks to high levels of investment in the oil and gas sectors, the Alberta economy is projected to grow at an annual rate of nearly 4.0 per cent from 2008 to 2010. Continued expansion of the economy means that the province will have the lowest unemployment rate among the provinces over the forecast period. As a result, Alberta will continue to draw workers from other provinces, however, the flow of inter-provincial migration will moderate from current levels. Housing starts will decrease to 37,700 units by 2008 and will reach 34,500 units in 2010.

**British Columbia**

New home construction in British Columbia will remain above the 30,000 unit level during the next 5 years supported by an expanding economy, growth in employment and incomes and a continued inflow of people from other parts of Canada and the world. During the 2008 to 2010 period, the provincial economy will expand at an annual rate of 3.2 to 3.5 per cent. Consumer spending and investment in both residential and non-residential structures will be the key drivers of economic growth. Population growth will exceed the national average as the province adds 50,000 people per year on average from migration sources. Multiple-unit starts will continue to account for more than half of new homes started reflecting trends in urbanization, higher resale prices, lifestyle choice and limited land supply in urban markets. Despite the positive economic outlook, housing starts will slow to a pace more in line with demographics. Housing starts in B.C. will decrease to 33,200 units in 2008 and trend down to 31,400 units by 2010.

**Total Housing Starts, Canada and the Provinces**

	2004	2005	2006F	2007F	2008F	2009F	2010F
Newfoundland	2,870	2,498	2,250	2,150	1,900	1,850	1,800
Prince Edward Island	919	862	775	745	670	645	645
Nova Scotia	4,717	4,775	5,100	4,825	4,500	4,175	4,050
New Brunswick	3,947	3,959	3,650	3,350	3,275	3,150	2,950
Quebec	58,448	50,910	45,000	40,000	38,000	37,000	36,000
Ontario	85,114	78,795	75,000	68,500	66,000	65,000	64,000
Manitoba	4,440	4,731	4,800	5,000	5,200	5,400	5,600
Saskatchewan	3,781	3,437	3,600	3,600	3,500	3,500	3,500
Alberta	36,270	40,847	45,000	41,000	37,700	36,000	34,500
British Columbia	32,925	34,667	37,000	34,900	33,200	32,100	31,400
Canada	233,431	225,481	222,200	204,100	193,900	188,800	184,400

F: forecast

# British Columbia

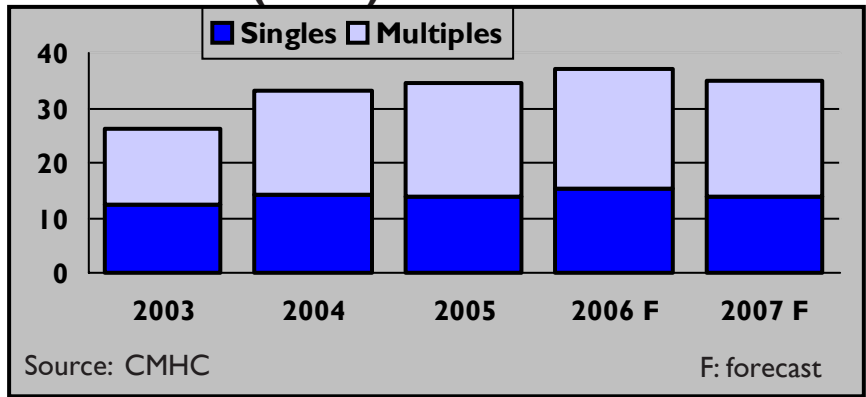
## Overview

### Strong start to 2006 reflected in outlook

New home construction recorded a strong start in 2006, as the number of foundations poured jumped by one-third over a relatively weak first quarter of 2005. Builders responding to increased demand for new homes were kept busy as the number of units under construction hit record high levels. However, as 2006 passes, some moderation in new home markets will occur as high prices and rising mortgage rates temper demand. As a result, housing starts will total 37,000 units in 2006 and 34,900 units in 2007.

In early 2006, broad-based growth in the province is generating jobs in many sectors including primary industries, construction, transportation, retail trade and professional, scientific and technical services. Last year, gains in employment combined with wage increases to push the level of wages and salaries up 6.1 per cent, ahead of the 5.4 per cent gain in Canada. Looking ahead, growth in incomes and high levels of consumer confidence in the province will translate into ongoing high levels of activity in the housing sector.

## B.C. Starts (000's)



The British Columbia economy will expand by 3.5 per cent annually in 2006 and 2007. Non-residential construction will remain strong due to infrastructure, commercial and institutional building including projects related to the 2010 Winter Olympic Games. This year and next, global demand for commodities such as copper and coal will fuel growth in the mining sector. On the services side, strong consumer spending, partly driven by increased home equity and rising incomes, will support growth in employment in retail and wholesale trade and personal services.

The province's population is expanding as more people move to British Columbia than leave for other places. The province will welcome about 50,000 migrants this year from both international and interprovincial sources. This will push population growth up to 1.4 per cent per year, from the low of 0.9 per cent recorded in 2002.

These economic fundamentals will support another solid year in both new and existing home markets as British Columbia moves into the sixth year of the current up-cycle in housing.

## In Detail

**Single Starts:** Single-detached housing starts remain the preferred product type for many home buyers. However, relatively high new home prices combined with the slight rise in interest rates will dampen new construction of single homes. Builders will start 15,100 single-detached homes in 2006, up from the previous peak of just over 14,000 units in 2004. Next year, 14,000 single starts are projected.

**Multiple Starts:** Large scale developments in the province's urban centres will continue to account for a significant share of new home construction during the next two years. In total, builders will start more than 21,900 units in multi-family developments in 2006 and 20,900 units in 2007.

**Resales:** A strong labour market, increasing home prices and new products on the market mean that British Columbians will continue to reassess their housing needs during the next two years. First-time home buyers, move-up buyers and investors will be active in the existing home market, keeping the number of resale transactions near the 100,000 unit level.

**Prices:** Ongoing demand for housing in established neighbourhoods will put upward pressures on existing home prices. This pressure will gradually ease as new listings increase next year and demand is tempered by rising mortgage carrying costs. As a result, the average resale price in British Columbia will reach \$391,000 in 2006 and \$418,000 in 2007.

## Provincial Highlight

Migration is a key source of housing demand. In 2005, BC recorded a net gain of 4,527 people from other provinces. While the figure is lower than the level recorded in 2004, it is a significant achievement given the strong pull of Alberta. BC's resource-rich neighbour gained almost 42,000 people from the rest of Canada last year, exceeding the high annual totals that British Columbia recorded during the early 1990s. On the international front, BC welcomed about 38,600 people from other countries last year. As a result of the combination of migration and natural increase, the province's population grew 1.3 per cent in 2005, compared to the 1.0 per cent national average.



# Alberta

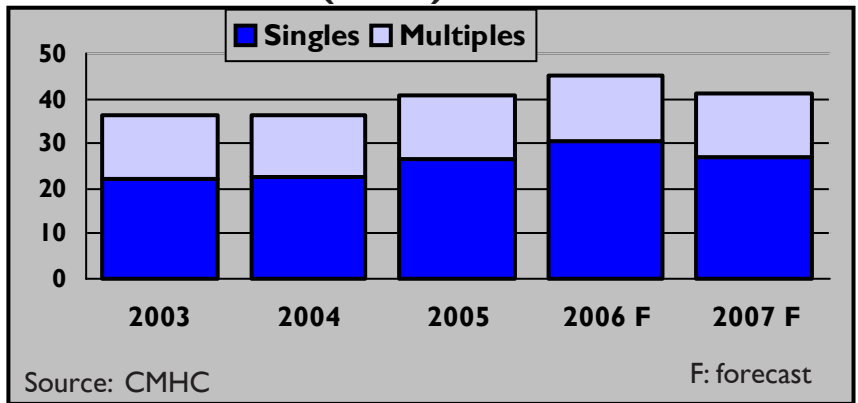
## Overview

### Strong economy powers housing starts to highest level since 1978

At 40,847 units, housing starts in 2005 reached the highest total since 1978 and the second best on record. Capacity constraints and hefty demand have pushed a large number of permits forward to 2006. As a result, total starts are expected to reach 45,000 in 2006 before moderating to 41,000 in 2007.

Positive economic fundamentals and strong net migration are the dominant forces fueling demand in the residential construction sector. Economic growth projections remain high in Alberta thanks to massive investment in the oil sands sector. More than \$96 billion in energy related capital expenditures are in the planning stages or underway in Alberta, 21 per cent higher than the previous year. Additional projects in health care, education, and infrastructure are being funded by Alberta's escalating budget surplus. Thanks to heightened energy royalties, the current budget surplus is projected to reach \$7.4 billion, \$5.9 billion higher than original projec-

## Alberta Starts (000's)



tions. Overall economic output is expected to expand by 4.6 per cent in 2006 and 3.9 per cent in 2007.

Alberta's employment opportunities and record low unemployment rate will attract healthy levels of interprovincial migration over the forecast period. Meanwhile, an aggressive Provincial Nominee Program is expected to boost international migrants to Alberta to the highest totals since 1990. Collectively, gains from net migration will add over 75,000 people to Alberta's population over the next two years, providing much needed additions to the labour force.

In 2005, employment in Alberta recorded its weakest growth rate in 12 years, as job gains were constrained by inadequate additions to the labour force. While not alleviating all of the skilled labour shortages, the gains in migration will enable employment to expand by 3.1 and 2.0 per cent in 2006 and 2007, respectively. Expect the majority of these gains to be in full-time positions.

## In Detail

**Single Starts:** In 2005, single-detached starts posted their best performance on record, reaching 26,684 units. Expect a new record of 30,500 starts to be achieved in 2006, as builders work to satisfy demand carried over from 2005. In 2007, single-family starts will moderate to 27,000 units as higher prices and additional resale listings curb new single-family demand.

**Multiple Starts:** Multiple starts will climb to a 24-year high of 14,500 units in 2006, before slipping to 14,000 in 2007. Demand from buyers seeking a less expensive alternative to the single-family market will maintain construction of multiple family homes at high levels, as will strong interest from investors.

**Resales:** Despite a shortage of active listings in many markets, MLS® sales in 2006 are expected to set new records of 73,000 in 2006 before moderating to 70,000 in 2007. Demand will remain elevated thanks to strong net migration and a lack of inventory in the new home market.

**Prices:** In many Alberta markets, record demand and a lack of active listings will translate into short listing durations, multiple offers and sales for more than the list price. As a result, the average resale price is expected to jump 24 per cent in 2006, and 8 per cent in 2007 when more listings come on stream.

## Provincial Highlight

Since 1997, Alberta has led the country in the number of housing starts per capita. In 2005, Alberta builders started 12.5 housing units for every 1,000 residents, far exceeding second-strongest province of British Columbia where 8.1 units were started per 1,000 residents. Edmonton and Calgary led all Census Metropolitan Areas in 2005, with 13.1 and 12.9 starts per 1,000 residents, respectively.

# Saskatchewan

## Overview

**Housing starts remain elevated over the forecast period**

While housing starts will be down from the recent peak of 3,781 units in 2004, they are expected to remain at high levels in 2006 and 2007. Full-time job growth and an improved migration picture should lead to 3,600 starts in both years.

Provincial economic growth over the next two years should remain close to the national average. Higher output in the oil and natural gas, potash, and uranium industries will help the economy grow by 2.9 per cent in 2006 and 3.1 per cent in 2007. A strong residential construction industry and improvement in the agriculture sector should also contribute to provincial GDP growth. Meanwhile, heightened energy prices have elevated resource royalties in the province, leading to a healthy provincial surplus. As a result, expect solid capital spending and tax reform. In 2007, economic growth will get a boost when production begins at the new Cigar Lake uranium mine.

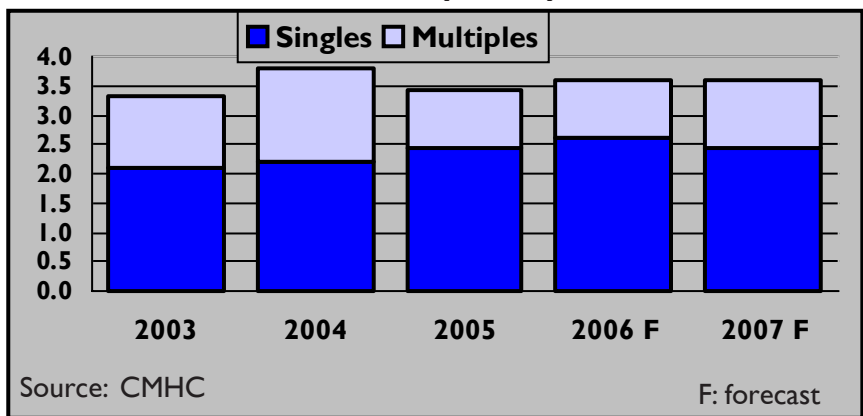
Economic growth will contribute to employment gains of 0.5 per cent in 2006 and 0.8 per cent in 2007. While these growth

## In Detail

**Single starts:** In light of healthy economic conditions, CMHC has increased its forecast for single-family starts to 2,600 units in 2006. Single starts will fall off to 2,450 units in 2007. New subdivisions in Saskatoon and Regina will support the increase in expected demand. Builders have made an early start to the 2006 spring construction season, aided by abnormally warm weather. This will contribute to the best starts performance since 1987.

**Multiple Starts:** The forecast for multiple housing starts has been shaved to 1,000 units in 2006, but multiple starts will rise to 1,150 units in 2007. The surge in lower-priced row housing starts has now subsided and this market has returned to the more traditional market of luxury apartments and semi-detached

## Saskatchewan Starts (000's)



condominiums for seniors and empty-nesters. rates pale in comparison to what will be experienced nationally, the gains will be suppressed by a low labour force expansion due to persistent migratory outflows. This will push the unemployment rate below five per cent over the forecast period for the first time in 25 years. As a result, expect the majority of new jobs to be full-time positions. Saskatchewan should see 2,400 jobs created in 2006 and 3,900 in 2007.

In 2005, about 6,500 more people left Saskatchewan than those who moved to the province. Moving forward, CMHC expects the tightening labour market will reduce the loss of migrants to other provinces. At the same time, Saskatchewan's Provincial Nominee Program will increasingly attract migrants from international locations, helping compensate for the interprovincial declines. As a result, expect an improvement in total net migration with losses declining to their lowest levels in nearly 10 years.

condominiums for seniors and empty-nesters.

**Resales:** Early existing home sales statistics support our forecast for a record 8,800 units in 2006. Listings have been trending up in the first months of 2006, further reinforcing our positive forecast. We expect a minor slip to 8,700 sales in 2007.

**Prices:** Following an 11 per cent gain in 2005, average resale prices in Saskatchewan will continue their upswing driven by record demand and a shift in sales to higher priced homes. As a result, CMHC has revised its forecast for MLS® prices upward in Saskatchewan to \$132,000 (up 7.5 per cent) in 2006 and \$140,000 (up 6.1 per cent) in 2007.

## Provincial Highlight

Elevated commodity prices, Saskatchewan's commanding position as a leading producer of potash and uranium, as well as being second only to Alberta in oil production has contributed to the province earning approximately \$1 billion more in revenues in 2005 compared to 2004. Nevertheless, employment gains and average weekly earnings growth have been modest suggesting that housing demand will continue at its present steady pace.

# Manitoba

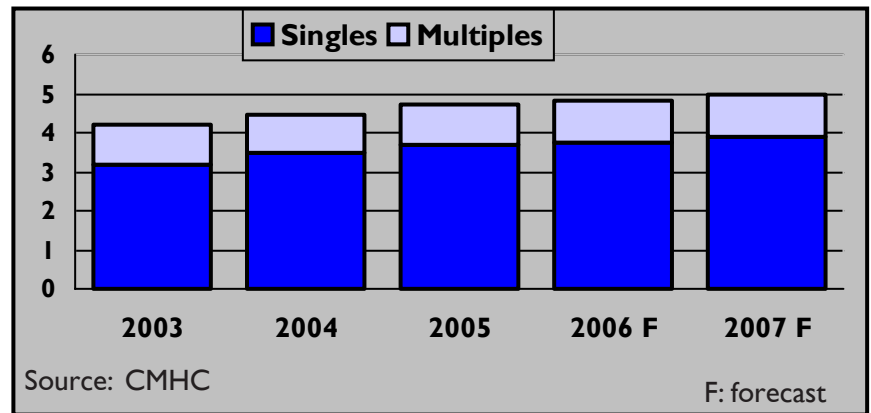
## Overview

### Housing starts and MLS<sup>®</sup> sales to rise through 2007

Manitoba remains the only province in which housing starts and MLS<sup>®</sup> sales are forecast to rise in 2006 and 2007. These gains will be bolstered by favourable demographic and economic conditions. Housing starts will rise to 4,800 units in 2006 and to 5,000 units in 2007.

At 3.1 per cent in 2006 and 2.6 per cent in 2007, provincial economic growth in Manitoba will strongly outpace the previous five-year average. Private and public investment will be a significant contributor to GDP growth over the forecast period. Spending on several significant non-residential projects will peak in 2006, while other projects such as the \$900 million Wuskwatim hydroelectric project, will start once approvals are in place. Elevated new home construction will also add to economic growth, while tax cuts, sustained

## Manitoba Starts (000's)



income gains, and solid job growth will fuel higher consumer spending. With above average provincial economic growth, employment prospects in Manitoba will remain positive, keeping the province's unemployment rate the second lowest among provinces following Alberta in 2006 and 2007. However, Manitoba will continue to struggle with a persistent shortage of skilled labour. As a result, employment growth in Manitoba will slip below the national increase, up 1.3 per cent in 2006 and 1.1 per cent in 2007.

Through the Provincial Nominee Program, the Manitoba government has been actively recruiting international migrants to address current labour shortages. This successful program is expected to boost international migration to 8,000 people per year over the forecast period, more than compensating for losses through interprovincial migration.

## In Detail

**Single Starts:** Manitoba's single-family starts will continue to post gains over the forecast period as builders strive to satisfy pent-up demand created by several years of household growth surpassing housing starts. While starts in Winnipeg may be held back as builders await a new supply of serviced lots, smaller centres around the province will continue to grow. Expect 3,750 single-family starts in 2006 and an additional 3,900 in 2007.

**Multiple Starts:** Winnipeg dominates multi-family starts activity in Manitoba where several projects are currently awaiting construction. However, several smaller centres in the province are also turning to multi-family housing to respond to demand created by a recent upturn in immigration. Multiple-family starts across Manitoba are expected to reach the highest level since

1988, with 1,050 starts in 2006 and 1,100 in 2007.

**Resales:** Despite three consecutive years of rising sales, a low number of active listings have constrained Winnipeg's resale market activity, leaving unsatisfied demand. Recent growth in listings will provide more selection for those waiting to enter the ownership market and for move-up buyers. Provincial MLS<sup>®</sup> sales will reach 13,250 units in 2006 and 13,750 units in 2007.

**Prices:** While an increased supply of active listings will ease the upward pressure on resale prices, the overall number of listings is historically low and seller's market conditions will persist. Therefore, average MLS<sup>®</sup> prices in the province will jump 10 per cent in 2006 and another seven per cent in 2007.

## Provincial Highlight

In 2005, growth in single-family starts in rural areas of Manitoba has helped offset a decline in urban single-family starts. While the urban centres account for 67 per cent of the total population of the province, only 53 per cent of all single-family starts occurred there in 2005. Much of the rural housing activity is taking place in towns and cities of just under 10,000 in population, located mainly in the southern parts of the province where immigration and population gains are being spurred by healthy agribusiness and manufacturing sectors.

# Ontario

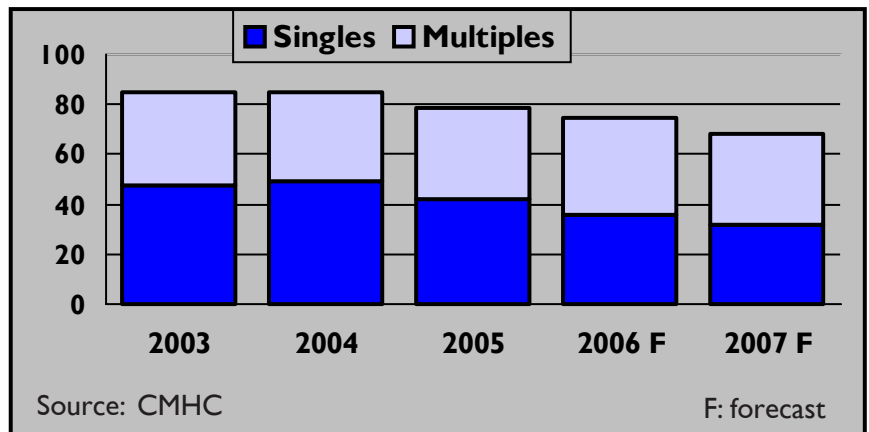
## Overview

### A resilient Ontario housing market

Less stimulative economic and demographic conditions suggest that while Ontario home starts remain above historical averages they will continue to moderate in the years ahead. Rising new detached home prices, more choice in the resale market, and land constraints will all contribute to pushing starts lower to 75,000 units in 2006 and 68,500 units in 2007.

While Ontario economic growth will lag behind the Canadian average, Ontario's economy remains resilient. Rising energy and borrowing costs have failed to dampen consumer spending on general merchandise because rising Ontario incomes have supported consumer confidence. Consumer spending will continue contributing to provincial economic growth, albeit at a slower rate. To offset the competitive disadvantage of a high dollar, businesses are investing in machinery and equipment with

## Ontario Starts (000's)



the goal of boosting productivity. These productivity gains stemming from capital spending will gradually improve Ontario's competitiveness and net trade picture. More investments in capital and less in labour combined with an ageing labour force suggests a slower pace in job growth relative to historical averages. Ontario's service sector will deliver the bulk of job gains given recent restructuring plans in Ontario's key auto sector.

Low Ontario birth rates combined with slower growth in net migration points to slower population growth ahead. While stronger immigration will boost population growth and housing demand, increases will be tempered by a modest outflow of migrants to the west.

## In Detail

**Single Starts:** Despite a rapidly growing mid 40s population which prefers low density homes, rising prices for homes will boost mortgage carrying costs and cause demand to cool. Single detached starts will decrease to 35,500 units in 2006 and 31,500 units in 2007.

**Multiple Starts:** A shrinking but healthy pool of first time buyers looking for less expensive homes in combination with provincial government efforts to promote higher density housing suggests condominium apartments will remain in demand. Town homes will gain popularity among those wanting to be closer to the ground. Multiple starts will increase to 39,500 units in 2006 and drop to 37,000 units in 2007.

**Resales:** Sales through the Multiple Listing Services will pull back only modestly from an all time record in 2004 as home prices and mortgage rates inch up. MLS® sales will

decrease to 192,000 units in 2006 and 184,000 in 2007.

**Prices:** Ontario home prices have been growing at several times the rate of inflation. Growing existing home listings will narrow the gap between home price growth and inflation. Look for Ontario home prices to rise by 6.1 and 2.9 per cent this year and in 2007, respectively

### Provincial Highlight

Ontario vacancy rates edged lower last fall for the first time since 2000. What is in store for Ontario's rental markets? Rising homeownership costs, rental incentives and continued strength in immigration will increase rental demand. This will push rental vacancies lower across most major Ontario centres. However, lower but healthy ownership demand, competition from condominium ownership, and rental completions should keep vacancy rates near historically high levels.

# Quebec

## Overview

### Residential construction down in 2006

In 2006, Quebec's housing sector shall be characterized by declining residential construction, a weaker albeit sustained resale market, single digit price growth, and a more balanced rental market. After several years of slower economic and demographic growth, a negligible remaining pent up demand, and the prospect of rising interest rates, housing starts will drop by 12 per cent to 45,000 units in 2006 and by 11 per cent to 40,000 units in 2007. The resale market dips by just under 2 per cent to achieve 69,500 transactions in 2006.

Recently, the province's economy has been compromised by a weak export sector. Challenged by a strong Canadian dollar, demand for Quebec goods is now further challenged by rising energy costs and a struggling manufacturing sector. As the provincial government attempts to balance its budget, spending increases will remain confined to

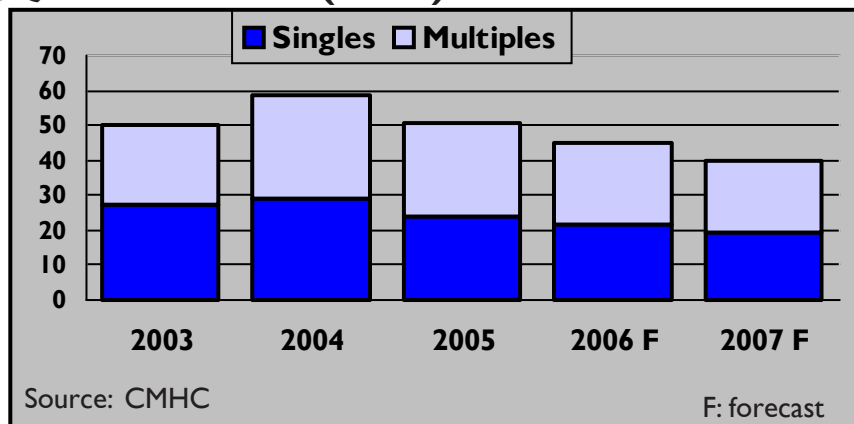
## In Detail

**Single Starts:** Increased supply in the resale market combined with rising house prices and interest rates shall further weaken this market segment in 2006. The gradual shifting of demand toward the less expensive and increasingly popular multi-family market will compound this situation. Single-family starts should thus record 21,500 units in 2006 and 19,500 in 2007.

**Multiple Starts:** Demand for multi-family housing, although decreasing in the next few years, will remain high as migration remains strong and population aging continues to generate demand for condominiums and seniors residences. It is expected that over 23,500 multi-family projects shall be started in 2006 and 20,500 the following year.

**Resales:** After three years of strong activity, sales of existing houses will begin to decline in 2006, as demand reacts to rising mortgage carrying costs and lacklustre growth in the provincial economy. The decline, however will be limited because a larger share of home buyers will turn to the resale market. Transactions

## Quebec Starts (000's)



essential services and fiscal policy will not contribute much to provincial growth. At the municipal level, demerger initiatives in some centres have brought about notable rises in property taxes. Both consumer spending and private sector investment remain the drivers of Quebec's economy, however the latest indicators show some signs of slowing. We expect that these conditions will lead GDP to grow by 2.3 per cent in 2006 while employment will edge up by just over one per cent.

Meanwhile, the province's evolving demographic landscape shall remain an important source of housing demand. While the aging of the population increases demand for housing adapted to seniors (condominiums, seniors' residences), immigration is expected to sustain demand for multi-unit (rental) housing.

recorded by the Multiple Listing Service (MLS<sup>®</sup>) will achieve 69,500 units in 2006 and 67,000 units in 2007.

**Prices:** Increased supply of resales and a cooling demand will move this market toward more balanced conditions in 2006. Moreover, interest rate increases shall further limit price growth in this market in the coming years. As a result, the average MLS<sup>®</sup> resale price should increase by 6.2 per cent to \$196,000 in 2006, and by 3.1 per cent to \$202,000 in 2007.

## Provincial Highlight

CHMC's 2005 retirement home market survey for Quebec tells us that despite rising vacancy rates in some cities, demand remains strong. Over the past several years, population aging in Quebec has brought about rising demand for retirement homes. As builders responded, the province's two main cities began to see some easing in their rental markets. This is reflected in the 2005 rental market survey results. In the Montreal Census Metropolitan Area (CMA), the overall vacancy rate rose from 2.9 per cent to 4.1 per cent in 2005, while the Quebec CMA showed a similar picture (3.5 per cent to 4.2 per cent in 2005). However, for other CMAs, rising construction has not translated into rising vacancy rates. Whereas the Gatineau and Sherbrooke areas presented a less notable rise (0.3 and 0.2 percentage point rises respectively), others, such as the Trois-Rivières (4.5 per cent to 3.7 per cent in 2005) and Saguenay (2.9 per cent to 1.5 per cent in 2005) CMAs saw their vacancy rates drop in 2005. Even though the long term demographic trend points toward continued and increased demand for senior housing, a temporary levelling of growth in the population aged 75 and over should bring about a similar slow down in building of retirement homes.

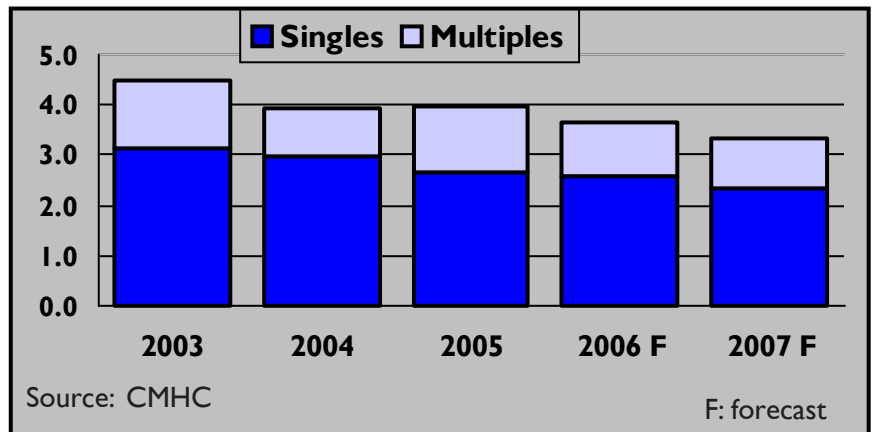
# New Brunswick

## Overview

### Residential construction eases slightly in 2006

Economic growth in the province of New Brunswick will continue to be linked to larger scale capital investment projects over the forecast period. Work is proceeding on the twinning of the Trans Canada Highway in the northwestern region of the province, helping fuel the provincial economy. In addition, upcoming projects, such as the construction of a Liquefied Natural Gas terminal and upgrades to the Point Lepreau nuclear generating station promise further stimulus for the provincial economy. The economic benefits of these projects will be partially offset by the continued strength of the Canadian dollar which will likely restrain growth in provincial exports over the forecast period, thereby offsetting some of the economic stimulus linked to the current and upcoming capital projects.

## New Brunswick Starts (000's)



Indeed, due to the provincial economy's reliance on trade, GDP growth is expected to remain below 3 per cent in both 2006 and 2007. Moreover, employment growth will be modest at 0.5 per cent and 0.8 per cent in 2006 and 2007, respectively.

Escalating inventory in the resale market, combined with continued increases in raw material costs will result in reduced single starts. However, a rise in semi-detached starts and new affordable housing projects will help offset the aforementioned drop in single starts. Expect 3,650 and 3,350 starts in 2006 and 2007, respectively.

## In Detail

**Single Starts:** The number of single starts will decline over the forecast period due to rising mortgage rates and increasing house prices due to the rising costs of raw materials and labour. Also contributing to declining single starts is the large supply of existing homes listed for sale, which is shifting potential buyers toward the existing home market. Expect single starts to drop to 2,575 units and 2,330 units in 2007.

**Multiple Starts:** Multiple unit construction activity rebounded last year with increased starts in most regions of the province. Multiple starts are expected to decline slightly in 2006, in spite of the fact that rising homeownership costs will likely cause some potential consumers to consider lower priced multi-family dwellings rather than singles homes. Multiple starts will come down from last year's total of 1,294 to reach 1,075 units in 2006. Multiples will further decline to reach a level of 1,020 in 2007.

**Resales:** Continued increases in raw material and labour costs will lead some potential homeowners to purchase an existing home in lieu of opting to pursue new construction. MLS® sales will recede slightly from last year's peak to reach 6,400 units in 2006, with a further reduction to 6,100 units in 2007.

**Prices:** Although price growth will continue in 2006, the pace of growth will slow, partly due to the continued rise in listings for existing homes. Moreover, expect to see weakening demand for more expensive homes. Growth in the average MLS® price will slow to 3.6 and 2.8 per cent in 2006 and 2007, respectively.

## Provincial Highlight

The provincial government recently presented its Five-in-Five focus during the premier's State of the Province Address. Over the next five years, New Brunswick's premier has set five goals aimed at assuring the province's economic success in today's rapidly evolving society. Most prominent among the outlined goals are the drive to increase the number of workers with post secondary education, to lower the provincial tax burden, and to decrease unemployment in the province. These initiatives are designed to help improve provincial economic growth.

# Nova Scotia

## Overview

### Demand Eases, Supply Does Not

While slower employment growth and rising homeownership carrying costs will dampen housing demand, residential construction activity is forecast to maintain full momentum courtesy of accelerating apartment construction.

Annual provincial real economic growth rates are forecast to hover between two and two and a half percent this year and again in 2007. However, with a greater share of this growth expected to be delivered through capital investment, employment growth is destined to remain underwhelming. In the goods sector, installation of a compression deck at the Sable Gas project will increase natural gas production while infrastructure, retail and LNG projects will generate accelerating non-residential construction activity. This will compensate for a manufacturing sector (excluding Michelin) that is being battered by labour strife, a high Canadian dollar, and rising electricity costs.

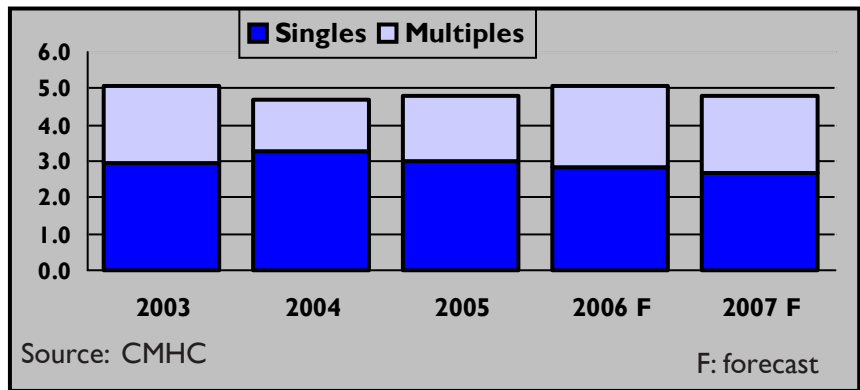
## In Detail

**Single Starts:** Construction and development cost increases in concert with growing price sensitivity on the part of new home buyers will challenge homebuilders over the next two years. Furthermore, as resale market conditions continue to relax, a less stimulative homebuilding environment will gradually materialize. As a result, production of single-detached housing units is expected to decline five per cent this year and again next year with annual starts falling to 2,850 and 2,700, respectively.

**Multiple Starts:** The impressive rebound in multiple unit starts that began early last year will not only continue in 2006 and 2007, it will accelerate. Rental and condominium developers remain very bullish on demand prospects for apartments in anticipation of steadily increasing house prices as well as supportive demographic trends. Expect multiple starts to leap 28 percent to 2,250 this year, slipping only slightly to a still high level of 2,100 multiple starts next year.

**Resales:** Homeownership demand is

## Nova Scotia Starts (000's)



The service sector is expected to continue growing on almost all cylinders as consumers spend enthusiastically and governments' fiscal health supports public sector investment in health care, education, social services and defense. However, the tourism industry may buck this trend and experience *deja-vu* this year as the challenges that beset this industry in 2005 persist.

Mortgage rates are forecast to rise modestly. Nevertheless, these increases come on the heels of a prolonged period of exceptional growth in house prices. In addition, growth in employment will remain tepid over the next two years. These factors will conspire to curb housing demand, slowing the pace of sales and price growth, but not residential construction activity as apartment developers remain bullish. Total housing starts are forecast to rise to 5,100 this year and slip to 4,800 in 2007.

forecast to remain at a high level again this year but it will begin to slide next year as weak job growth and rising homeownership carrying costs begin to affect homebuyer sentiment. As a result, MLS® sales are forecast to remain above the 10,000 mark this year but fall six per cent next year to 9,425.

**Prices:** Rising homeownership carrying costs and relaxing resale market conditions across the province over the forecast horizon will work in tandem to slow the rate of average MLS® price growth from over nine per cent last year to 5.3 per cent this year and 2.7 per cent next year when average MLS® sale price reaches \$172,500.

## Provincial Highlight

An anticipated surge in apartment construction will sustain annual total housing starts at very high levels this year and again in 2007. This will result in apartment units contributing an increasing share of total annual housing starts, continuing a trend that has characterized the Nova Scotia residential construction market over the past 10 years. In 1998 and 1999, apartment starts accounted for 16 per cent of total provincial housing starts. That share increased to an average of 26 per cent over the past five years as condominium apartment construction accelerated and rental apartment construction remained at elevated levels. Numerous large condominium and rental apartment projects are forecast to break ground over the next two years, which will boost the apartment segment's share of total annual provincial housing starts to 33 per cent this year and again in 2007.

# P.E.I.

## Overview

### Total Housing Starts to Slow in 2006

The PEI economy is forecast to grow by 1.6 and 2.0 per cent in 2006 and 2007, respectively. A number of industries are poised to strengthen over the next two years.

The construction industry will get a boost from another surge in non-residential construction. The Capital Region currently has a number of projects that will remain active in 2006 and 2007, with the highest profile project being the new federal building.

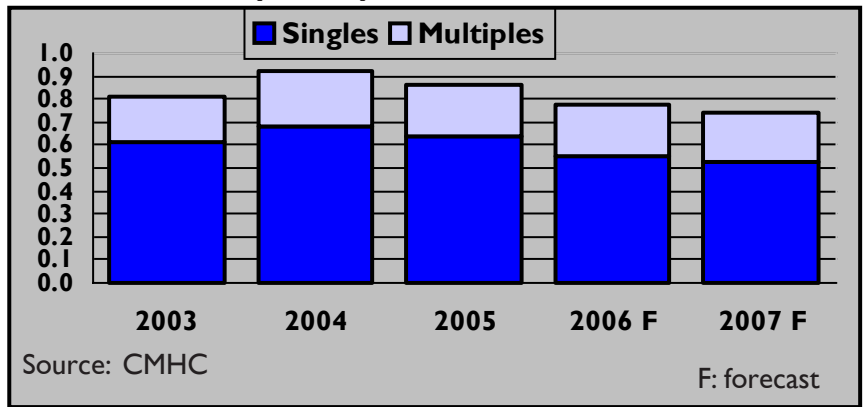
The agricultural sector should also remain stable over the next two years, and will provide an ample supply of raw materials for the food-processing sector. As a result food producers will not have to rely on imported produce as they did in previous years. Tourism, which also contributes significantly to the Island's economy, is expected to remain stable over the forecast period as the result of a more aggressive marketing campaign.

## In Detail

**Single Starts:** Increases in mortgage rates, construction costs, and lot prices in urban centres will all contribute to a decrease in the level of single starts over the forecast period. As well, increased MLS® listings will further contribute to a decline in single starts as potential buyers shift to the resale market. Expect single starts to drop to 555 and 530 units in 2006 and 2007, respectively.

**Multiple Starts:** Following four years of strong multiple construction activity in the province, expect multiple starts to remain stable over the next two years. The new affordable housing program will help to stimulate rental starts this year and next. Expect multiple starts to reach 220 units in 2006, before gradually declining to 220 units in 2007.

## P.E.I. Starts (000's)



Employment growth is expected to slow from the pace observed in 2005. The service and construction sectors are expected to generate the majority of new jobs. Expect employment to grow by 0.8 per cent in 2006 and 1.0 per cent in 2007, while the labour force will expand by 1.0 per cent in each of the next two years.

Rising new home prices combined with an increased level of new listings will result in a decline in single starts. However, a rise in both semi-detached and row starts will help to offset the decline. Expect a total of 775 and 750 housing starts in P.E.I. in 2006 and 2007, respectively.

**Resales:** A rise in new listings and a broadening gap between existing and new home prices will cause many households to shift to the resale market. Expect MLS® sales of 1,400 units in 2006 and 2007.

**Prices:** Price growth will moderate in 2006 due to a rise in listings. Furthermore, demand for more expensive homes will weaken due to rising homeownership costs. Expect the average MLS® price to grow by 3.2 per cent in 2006 and 2.1 per cent in 2007.

## Provincial Highlight

While the core area of most older communities was constructed without the benefit of an official plan, the Town of Stratford has grown in quite the opposite fashion. Because of Stratford's close proximity to Charlottetown, it was traditionally a bedroom community, with residents shopping and working in the neighbouring city. Since there was little need for commercial development the town has grown around an essentially vacant central core area. While this style of development is certainly unique, it now offers the growing town a great deal of flexibility in planning for future growth.

Stratford is now in the process of determining what to do with the core area over the coming years. Since most of the land is currently vacant, planners are able to look at other communities and see what has worked and what has not. In this way the Town is creating a plan that incorporates green space and development, but in a way that most people should prefer.



# Newfoundland and Labrador

## Overview

### Economic Growth rebounds in 2006

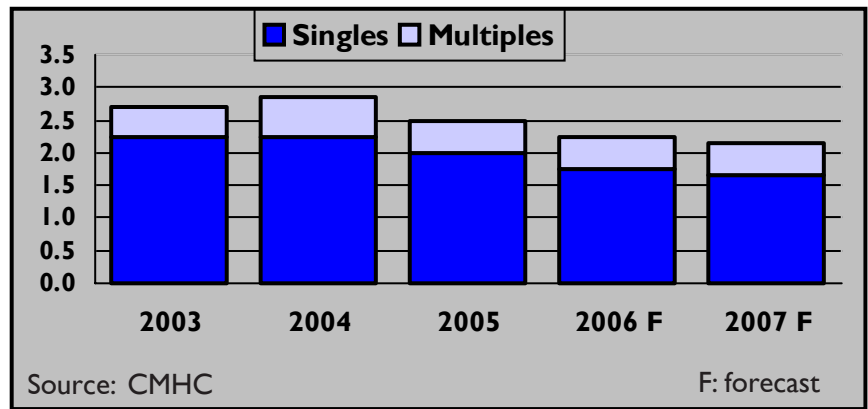
With both White Rose and Voisey's Bay recording a full year of production, economic output will increase by a respectable 5.0 per cent this year. The province will lead Canada in economic growth in 2006 and produce close to 50 per cent of Canada's light crude oil. With new discoveries and production gains, this growth is expected to continue into 2007, albeit at a slower pace. The provincial government has reduced the budget deficit and will invest in strategic initiatives which will bolster overall government expenditures. Provincial government wages and salaries are also slated to increase this year by 3 per cent. Employment will edge up, with an increase of 0.7 per cent this year and 0.8 per cent in 2007. The outlook for the fishery remains uncertain, given the erosion of returns to both harvesters and processors caused by

## In Detail

**Single Starts:** With rising labour and material costs, higher development charges and growing competition from the existing home market, a moderate decline in single-detached housing starts is expected this year and next. Continued negative net-migration, combined with steadily rising interest rates and marginal labour market performance, will push the single starts down to 1740 units in 2006 and 1650 units in 2007.

**Multiple Starts:** As single-detached house prices continue to climb, multiple unit construction will benefit, increasing marginally to 510 units in 2006. Migration, changing household composition, and a thriving economy are persuading more developers to capitalize on a growing condominium market in St. John's. Accordingly, condo starts are forecast to gradually increase in the coming years. When combined with public sector investment in affordable housing, multiple starts at 500 units in 2007 will remain close to recent levels of activity.

## Newfoundland and Labrador Starts (000's)



the strengthening Canadian dollar, difficult international market conditions and lower catch rates for key species. Personal incomes will continue to grow in 2006, but expect only modest gains in consumer spending. Ongoing population losses and moderate interest rate increases will cause domestic demand to ease. The conclusion of construction at White Rose and Voisey's Bay in 2005 will constrain employment growth this year. The development of power generation, offshore oil development, and growth in the mining industry, are all sources of upside risk to the forecast. Even with these factors in play, housing starts will decline 10 per cent this year to 2250 units. In 2007, starts will decrease further to 2150 units.

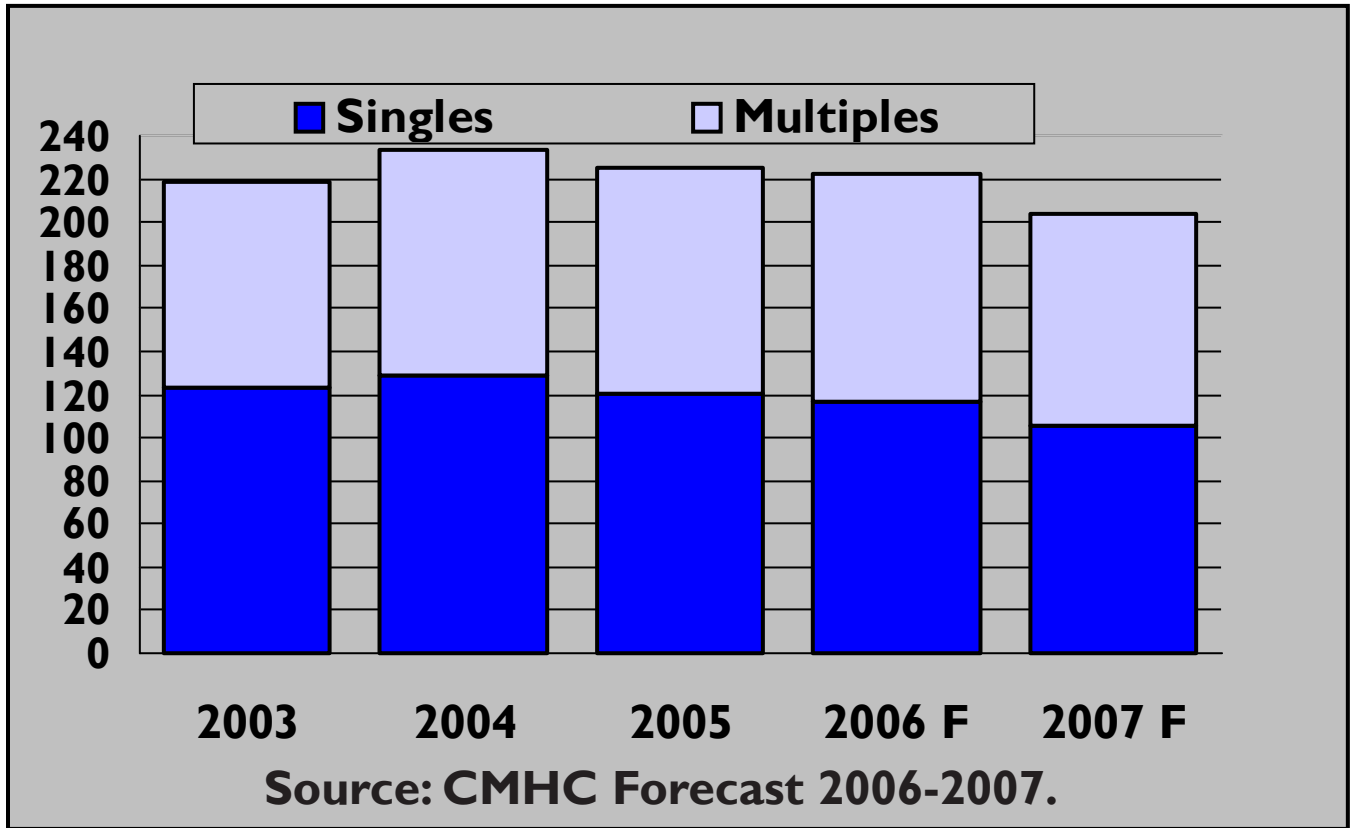
**Resales:** The recent surge in MLS® listings has provided more choice in the marketplace and helped sustain homebuyer activity in the St. John's region. Overall demand is expected to ease somewhat this year and next. Provincial MLS® sales are forecast to edge down to 3,000 units in 2006 and 2,850 units in 2007.

**Prices:** Despite the surge in the supply of homes for sale, the average MLS® house price continues to increase at a steady rate. Due in part to the surprising strength during the latter half of 2005, the MLS® average sale price will advance 4.5 per cent this year. The outlook for 2007 will be impacted by a continuing decline in demand, with the average MLS® price forecast to increase by 3.1 per cent.

## Provincial Highlight

Even though net migration to the province continues to be negative, migration flows to the St. John's region have been positive since 1999. In fact, the migration picture has improved significantly for the provincial capital in recent years, resulting in a total net-gain of 6,484 people since 1999. Over the past four years, migration has gathered momentum, with the St. John's CMA experiencing an average gain of approximately 1,425 people per year. The vast majority of these migrants are over the age of 25. This has created a strong demand for housing, particularly for home ownership. Further developments in the offshore oil industry, along with uncertainty in rural areas, will continue to support movement to the capital region.

# Canada Starts (000's)



	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
<b>NFLD</b>	<b>1788</b>	<b>2,419</b>	<b>2,692</b>	<b>2,870</b>	<b>2,498</b>	<b>2,250</b>	<b>2,150</b>
%	22.5	35.3	11.3	6.6	-13.0	-9.9	-4.4
<b>PEI</b>	<b>675</b>	<b>775</b>	<b>814</b>	<b>919</b>	<b>862</b>	<b>775</b>	<b>750</b>
%	-4.9	14.8	5.0	12.9	-6.2	-10.1	-3.2
<b>NS</b>	<b>4092</b>	<b>4,970</b>	<b>5,096</b>	<b>4,717</b>	<b>4,775</b>	<b>5,100</b>	<b>4,800</b>
%	-7.7	21.5	2.5	-7.4	1.2	6.8	-5.9
<b>NB</b>	<b>3462</b>	<b>3,862</b>	<b>4,489</b>	<b>3,947</b>	<b>3,959</b>	<b>3,650</b>	<b>3,350</b>
%	12.4	11.6	16.2	-12.1	0.3	-7.8	-8.2
<b>QUE</b>	<b>27682</b>	<b>42,452</b>	<b>50,289</b>	<b>58,448</b>	<b>50,910</b>	<b>45,000</b>	<b>40,000</b>
%	12.1	53.4	18.5	16.2	-12.9	-11.6	-11.1
<b>ONT</b>	<b>73282</b>	<b>83,597</b>	<b>85,180</b>	<b>85,114</b>	<b>78,795</b>	<b>75,000</b>	<b>68,500</b>
%	2.5	14.1	1.9	-0.1	-7.4	-4.8	-8.7
<b>MAN</b>	<b>2963</b>	<b>3,617</b>	<b>4,206</b>	<b>4,440</b>	<b>4,731</b>	<b>4,800</b>	<b>5,000</b>
%	15.7	22.1	16.3	5.6	6.6	1.5	4.2
<b>SASK</b>	<b>2381</b>	<b>2,963</b>	<b>3,315</b>	<b>3,781</b>	<b>3,437</b>	<b>3,600</b>	<b>3,600</b>
%	-5.3	24.4	11.9	14.1	-9.1	4.7	0.0
<b>ALTA</b>	<b>29174</b>	<b>38,754</b>	<b>36,171</b>	<b>36,270</b>	<b>40,847</b>	<b>45,000</b>	<b>41,000</b>
%	11.1	32.8	-6.7	0.3	12.6	10.2	-8.9
<b>BC</b>	<b>17234</b>	<b>21,625</b>	<b>26,174</b>	<b>32,925</b>	<b>34,667</b>	<b>37,000</b>	<b>34,900</b>
%	19.5	25.5	21.0	25.8	5.3	6.7	-5.7
<b>Canada</b>	<b>162733</b>	<b>205,034</b>	<b>218,426</b>	<b>233,431</b>	<b>225,481</b>	<b>*222,200</b>	<b>*204,100</b>
%	7.3	26.0	6.5	6.9	-3.4	-1.5	-8.1

Source: CMHC Forecast 2006-2007.  
 (F) Forecast.  
 \* Total does not add due to rounding.

<b>Single-detached Starts</b> (units and annual percent change)							
	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
<b>NFLD</b>	1,598	2,092	2,240	2,229	2,005	1,740	1,650
%	21.5	30.9	7.1	-0.5	-10.0	-13.2	-5.2
<b>PEI</b>	551	582	613	682	634	555	530
%	-10.3	5.6	5.3	11.3	-7.0	-12.5	-4.5
<b>NS</b>	2,761	3,363	2,968	3,270	3,010	2,850	2,700
%	-3.3	21.8	-11.7	10.2	-8.0	-5.3	-5.3
<b>NB</b>	2,573	2,769	3,139	2,970	2,665	2,575	2,330
%	5.4	7.6	13.4	-5.4	-10.3	-3.4	-9.5
<b>QUE</b>	17,193	25,257	27,225	28,871	23,930	21,500	19,500
%	12.0	46.9	7.8	6.0	-17.1	-10.2	-9.3
<b>ONT</b>	39,632	51,114	47,610	48,929	41,682	35,500	31,500
%	-3.5	29.0	-6.9	2.8	-14.8	-14.8	-11.3
<b>MAN</b>	2,460	3,016	3,165	3,484	3,709	3,750	3,900
%	4.8	22.6	4.9	10.1	6.5	1.1	4.0
<b>SASK</b>	1,627	1,931	2,097	2,193	2,425	2,600	2,450
%	-13.9	18.7	8.6	4.6	10.6	7.2	-5.8
<b>ALTA</b>	19,769	24,520	21,918	22,487	26,684	30,500	27,000
%	17.4	24.0	-10.6	2.6	18.7	14.3	-11.5
<b>BC</b>	7,862	10,730	12,252	14,056	13,719	15,100	14,000
%	5.6	36.5	14.2	14.7	-2.4	10.1	-7.3
<b>CAN</b>	96,026	125,374	123,227	129,171	120,463	*116,700	*105,600
%	4.2	30.6	-1.7	4.8	-6.7	-3.1	-9.5

Source: CMHC Forecast 2006-2007.

(F) Forecast.

\* Total does not add due to rounding.

<b>Multiple Starts</b> (units and annual percent change)							
	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
<b>NFLD</b>	190	327	452	641	493	510	500
%	31.9	72.1	38.2	41.8	-23.1	3.4	-2.0
<b>PEI</b>	124	193	201	237	228	220	220
%	29.2	55.6	4.1	17.9	-3.8	-3.5	0.0
<b>NS</b>	1,331	1,607	2,128	1,447	1,765	2,250	2,100
%	-15.5	20.7	32.4	-32.0	22.0	27.5	-6.7
<b>NB</b>	889	1,093	1,350	977	1,294	1,075	1,020
%	39.6	22.9	23.5	-27.6	32.4	-16.9	-5.1
<b>QUE</b>	10,489	17,195	23,064	29,577	26,980	23,500	20,500
%	12.2	63.9	34.1	28.2	-8.8	-12.9	-12.8
<b>ONT</b>	33,650	32,483	37,570	36,185	37,113	39,500	37,000
%	10.6	-3.5	15.7	-3.7	2.6	6.4	-6.3
<b>MAN</b>	503	601	1,041	956	1,022	1,050	1,100
%	137.3	19.5	73.2	-8.2	6.9	2.7	4.8
<b>SASK</b>	754	1,032	1,218	1,588	1,012	1,000	1,150
%	21.0	36.9	18.0	30.4	-36.3	-1.2	15.0
<b>ALTA</b>	9,405	14,234	14,253	13,783	14,163	14,500	14,000
%	-0.3	51.3	0.1	-3.3	2.8	2.4	-3.4
<b>BC</b>	9,372	10,895	13,922	18,869	20,948	21,900	20,900
%	34.5	16.3	27.8	35.5	11.0	4.5	-4.6
<b>CAN</b>	66,707	79,660	95,199	104,260	105,018	*105,500	*98,500
%	12.2	19.4	19.5	9.6	0.7	0.5	-6.6

Source: CMHC Forecast 2006-2007.

(F) Forecast.

\* Total does not add due to rounding.

		Multiple Housing Starts by Type (Units)						
		2001	2002	2003	2004	2005	2006 (F)	2007 (F)
NF	Semi-detached	30	36	66	264	151	135	125
	Row	36	42	107	51	31	25	25
	Apartment	124	249	279	326	311	350	350
	Total	190	327	452	641	493	510	500
PEI	Semi-detached	56	64	72	76	111	80	100
	Row	10	47	40	80	75	40	40
	Apartment	58	82	89	81	42	100	80
	Total	124	193	201	237	228	220	220
NS	Semi-detached	228	253	338	266	301	300	250
	Row	40	144	277	186	265	250	250
	Apartment	1,063	1,210	1,513	995	1,199	1,700	1,600
	Total	1,331	1,607	2,128	1,447	1,765	2,250	2,100
NB	Semi-detached	114	186	254	293	391	286	305
	Row	153	68	143	256	203	164	170
	Apartment	622	839	953	428	700	625	545
	Total	889	1,093	1,350	977	1,294	1,075	1,020
QC	Semi-detached	1,309	1,855	2,432	2,932	2,678	2,100	1,875
	Row	869	964	773	1,109	1,074	700	625
	Apartment	8,311	14,376	19,859	25,536	23,228	20,700	18,000
	Total	10,489	17,195	23,064	29,577	26,980	23,500	20,500
ON	Semi-detached	7,106	6,886	6,379	5,172	4,673	4,300	3,800
	Row	10,269	11,849	12,191	12,824	12,537	12,000	11,000
	Apartment	16,275	13,748	19,000	18,189	19,903	23,200	22,200
	Total	33,650	32,483	37,570	36,185	37,113	39,500	37,000
MAN	Semi-detached	51	68	88	132	133	100	90
	Row	84	76	62	92	161	100	100
	Apartment	368	457	891	732	728	850	910
	Total	503	601	1,041	956	1,022	1,050	1,100
SK	Semi-detached	116	142	95	184	236	200	200
	Row	240	456	594	681	378	400	400
	Apartment	398	434	529	723	398	400	550
	Total	754	1,032	1,218	1,588	1,012	1,000	1,150
ALB	Semi-detached	1,957	2,869	2,567	2,916	3,012	3,500	3,700
	Row	1,779	2,531	2,859	2,401	2,951	3,100	3,000
	Apartment	5,669	8,834	8,827	8,466	8,200	7,900	7,300
	Total	9,405	14,234	14,253	13,783	14,163	14,500	14,000
B.C.	Semi-detached	916	1,225	1,353	2,062	1,791	1,680	1,600
	Row	1,686	2,305	3,297	4,387	4,459	4,220	4,000
	Apartment	6,770	7,365	9,272	12,420	14,698	16,000	15,300
	Total	9,372	10,895	13,922	18,869	20,948	21,900	20,900
CAN	Semi-detached	11,883	13,584	13,644	14,297	13,477	12,681	12,070
	Row	15,166	18,482	20,343	22,067	22,134	20,999	19,610
	Apartment	39,658	47,594	61,212	67,896	69,407	71,825	66,830
	Total	66,707	79,660	95,199	104,260	105,018	*105,500	*98,500

Source: CMHC Forecast 2006-2007.

\* Total does not add due to rounding.

<b>Total Residential Resales</b> (units and annual percent change)							
	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
<b>NFLD</b>	2,808	3,014	3,238	3,265	3,211	3,000	2,850
%	8.3	7.3	7.4	0.8	-1.7	-6.6	-5.0
<b>PEI</b>	1,234	1,306	1,404	1,500	1,449	1,400	1,400
%	2.3	5.8	7.5	6.8	-3.4	-3.4	0.0
<b>NS</b>	9,441	10,243	9,221	8,887	10,387	10,050	9,425
%	10.1	8.5	-10.0	-3.6	16.9	-3.2	-6.2
<b>NB</b>	4,779	5,089	5,489	5,979	6,836	6,400	6,100
%	5.6	6.5	7.9	8.9	14.3	-6.4	-4.7
<b>QUE</b>	62,351	68,161	67,130	69,296	70,649	69,500	67,000
%	15.1	9.3	-1.5	3.2	2.0	-1.6	-3.6
<b>ONT</b>	162,318	178,058	184,457	197,353	197,007	192,000	184,000
%	10.3	9.7	3.6	7.0	-0.2	-2.5	-4.2
<b>MAN</b>	11,440	11,108	11,523	12,098	12,761	13,250	13,750
%	7.8	-2.9	3.7	5.0	5.5	3.8	3.8
<b>SASK</b>	7,971	7,933	7,698	8,172	8,312	8,800	8,700
%	5.5	-0.5	-3.0	6.2	1.7	5.9	-1.1
<b>ALTA</b>	48,989	51,042	51,334	57,460	65,866	73,000	70,000
%	13.1	4.2	0.6	11.9	14.6	10.8	-4.1
<b>BC</b>	69,554	82,737	93,095	96,385	106,310	101,000	97,000
%	28.4	19.0	12.5	3.5	10.3	-5.0	-4.0
<b>CAN**</b>	380,885	418,691	434,589	460,395	482,788	*478,400	*460,200
%	14.1	9.9	3.8	5.9	4.9	-0.9	-3.8

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 2006-2007.  
(F) Forecast.  
\* Total does not add due to rounding. \*\*Canada totals are for 10 provinces

<b>Average Residential Resale Price</b> (dollars and annual percent change)							
	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
<b>NFLD</b>	104,376	113,081	119,822	131,499	141,167	147,500	152,000
%	4.9	8.3	6.0	9.7	7.4	4.5	3.1
<b>PEI</b>	87,696	94,964	101,745	110,815	117,237	121,000	123,500
%	5.8	8.3	7.1	8.9	5.8	3.2	2.1
<b>NS</b>	115,485	126,669	136,292	146,033	159,556	168,000	172,500
%	5.1	9.7	7.6	7.1	9.3	5.3	2.7
<b>NB</b>	95,947	100,129	105,858	112,933	120,641	125,000	128,500
%	4.7	4.4	5.7	6.7	6.8	3.6	2.8
<b>QUE</b>	115,820	130,403	151,881	171,099	184,583	196,000	202,000
%	4.1	12.6	16.5	12.7	7.9	6.2	3.1
<b>ONT</b>	193,357	210,901	226,824	245,230	263,042	279,000	287,000
%	5.2	9.1	7.5	8.1	7.3	6.1	2.9
<b>MAN</b>	93,192	96,531	106,788	119,245	133,854	147,500	158,000
%	6.0	3.6	10.6	11.7	12.3	10.2	7.1
<b>SASK</b>	98,310	101,297	104,995	110,824	122,765	132,000	140,000
%	4.5	3.0	3.7	5.6	10.8	7.5	6.1
<b>ALTA</b>	153,737	170,253	182,845	194,769	218,266	270,000	292,000
%	5.1	10.7	7.4	6.5	12.1	23.7	8.1
<b>BC</b>	222,822	238,877	259,968	289,107	332,224	391,000	418,000
%	0.7	7.2	8.8	11.2	14.9	17.7	6.9
<b>CAN**</b>	171,801	188,785	207,162	226,386	249,365	*277,200	*290,600
%	4.7	9.9	9.7	9.3	10.2	11.2	4.8

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 2006-2007.  
(F) Forecast.  
\* Total does not add due to rounding. \*\*Canada totals are for 10 provinces

<b>Employment (annual percent change)</b>							
	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
NFLD	2.9	1.7	2.4	1.0	-0.1	0.7	0.8
PEI	1.5	1.7	2.2	1.3	1.9	0.8	1.0
NS	0.9	1.8	2.0	2.6	0.2	0.8	1.2
NB	-0.3	3.9	0.0	2.0	0.1	0.5	0.8
QUE	1.1	3.8	1.7	1.4	1.0	1.1	1.1
ONT	1.9	1.8	3.0	1.7	1.3	1.5	1.6
MAN	0.4	2.3	0.5	1.1	0.6	1.3	1.1
SASK	-2.8	1.7	1.7	0.8	0.8	0.5	0.8
ALTA	3.0	2.4	2.7	2.4	1.5	3.1	2.0
BC	-0.5	2.3	2.5	2.4	3.3	2.9	2.3
<b>CAN</b>	<b>1.2</b>	<b>2.4</b>	<b>2.4</b>	<b>1.8</b>	<b>1.4</b>	<b>1.7</b>	<b>1.5</b>

Sources: Statistics Canada, CMHC Forecast 2006-2007.  
(F) Forecast.

<b>Unemployment Rate (percent)</b>							
	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
NFLD	16.0	16.6	16.5	15.7	15.2	14.8	14.3
PEI	12.0	12.1	11.0	11.2	10.8	11.0	11.0
NS	9.8	9.6	9.1	8.8	8.4	8.1	7.7
NB	11.1	10.2	10.3	9.8	9.7	9.7	9.7
QUE	8.8	8.6	9.1	8.5	8.3	8.2	8.1
ONT	6.4	7.1	6.9	6.8	6.6	6.4	6.2
MAN	5.1	5.1	5.0	5.3	4.8	4.6	4.6
SASK	5.8	5.7	5.6	5.3	5.1	4.9	4.7
ALTA	4.7	5.3	5.1	4.6	3.9	3.7	3.7
BC	7.7	8.5	8.0	7.2	5.9	4.9	4.8
<b>CAN</b>	<b>7.2</b>	<b>7.7</b>	<b>7.6</b>	<b>7.2</b>	<b>6.8</b>	<b>6.5</b>	<b>6.3</b>

Sources: Statistics Canada, CMHC Forecast 2006-2007.  
(F) Forecast.

<b>Real Gross Domestic Product (annual percent change)</b>							
	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
<b>NFLD</b>	1.6	16.4	6.2	-1.4	0.4	5.0	2.0
<b>PEI</b>	-1.1	5.8	1.5	1.8	2.0	1.6	2.0
<b>NS</b>	3.2	4.2	0.9	1.4	1.1	2.2	2.5
<b>NB</b>	1.7	4.4	1.7	2.0	0.5	2.4	2.5
<b>QUE</b>	1.5	2.7	2.1	2.3	2.2	2.3	2.6
<b>ONT</b>	1.8	3.2	1.6	2.7	2.8	2.9	3.0
<b>MAN</b>	0.8	1.9	1.8	2.3	2.7	3.1	2.6
<b>SASK</b>	-1.0	-0.2	3.8	3.4	3.2	2.9	3.1
<b>ALTA</b>	1.7	2.5	3.1	4.3	4.5	4.6	3.9
<b>BC</b>	0.6	3.5	2.7	4.0	3.5	3.5	3.5
<b>CAN</b>	1.8	3.1	2.0	2.9	2.9	3.1	3.0

Sources: Statistics Canada, CMHC Estimate 2005, CMHC Forecast 2006-2007  
(F) Forecast.

<b>Total Net Migration* (persons)</b>							
	2001	2002	2003	2004	2005	2006 (F)	2007 (F)
<b>NFLD</b>	-3,765	-2,657	-691	-1,508	-2,981	-2,900	-1,950
<b>PEI</b>	357	148	373	-4	206	300	300
<b>NS</b>	-195	1,100	1,362	874	-1,366	-150	300
<b>NB</b>	-1,175	699	-428	215	-1,619	-1,200	-850
<b>QUE</b>	27,730	29,038	33,335	35,138	28,990	31,000	32,500
<b>ONT</b>	162,871	135,886	105,354	98,398	94,952	108,000	113,000
<b>MAN</b>	-807	1,844	3,315	5,934	-490	4,200	4,500
<b>SASK</b>	-7,675	-6,285	-3,605	-2,445	-6,592	-2,500	-1,250
<b>ALTA</b>	38,273	29,503	22,425	24,246	59,043	39,800	39,000
<b>BC</b>	28,700	24,488	34,120	37,331	43,106	48,500	50,000
<b>CAN**</b>	244,314	213,764	195,560	198,179	213,249	*225,050	*235,550

Sources: Statistics Canada, CMHC Estimate 2005. CMHC Forecast 2006-2007. (F) Forecast.  
\* Sum of interprovincial migration, international migration, and non-permanent residents.  
\*\* Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators							
Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate structures of 3 units +
Victoria	2005	2,058	974	7.9	7,970	380,897	0.5
	2006(F)	2,220	1,020	9.0	7,700	418,500	0.8
	2007(F)	2,185	995	8.0	7,500	430,000	1.2
Vancouver	2005	18,914	4,935	5.5	42,222	425,745	1.4
	2006(F)	20,500	5,500	6.0	39,000	495,000	1.5
	2007(F)	20,000	5,400	7.0	37,500	520,000	1.3
Abbotsford	2005	1,012	458	na	4,035	260,856	3.8
	2006(F)	1,100	490	na	4,100	280,000	5.0
	2007(F)	1,150	500	na	3,800	295,000	3.8
Edmonton	2005	13,294	7,623	6.5	18,634	193,934	4.5
	2006(F)	14,000	8,300	9.0	19,900	224,000	3.5
	2007(F)	12,800	7,600	6.0	18,850	234,500	2.5
Calgary	2005	13,667	8,719	7.0	31,567	250,789	1.6
	2006(F)	15,000	9,750	15.0	36,000	314,300	1.0
	2007(F)	13,750	9,000	9.0	34,000	341,000	1.0
Saskatoon	2005	1,062	751	5.6	3,246	144,787	4.6
	2006(F)	1,400	700	5.0	3,400	156,000	5.0
	2007(F)	1,400	700	5.0	3,400	167,000	4.8
Regina	2005	888	572	6.4	2,730	122,284	3.0
	2006(F)	1,200	600	6.0	2,800	136,000	3.0
	2007(F)	1,000	600	6.0	2,700	150,000	3.0
Winnipeg	2005	2,586	1,756	8.5	11,415	137,062	1.7
	2006(F)	2,650	1,800	8.5	12,000	152,000	2.2
	2007(F)	2,775	1,900	8.0	12,800	165,000	2.7
Thunder Bay	2005	227	179	2.0	1,410	122,889	5.0
	2006(F)	210	160	1.0	1,349	124,486	5.0
	2007(F)	205	155	1.0	1,298	126,976	6.0
Sudbury	2005	400	384	2.0	2,593	134,440	2.0
	2006(F)	440	390	1.0	2,671	141,161	2.0
	2007(F)	460	410	1.0	2,724	145,396	3.0
Windsor	2005	1,496	1,110	3.0	5,661	163,000	10.3
	2006(F)	1,428	950	3.0	5,550	165,500	7.5
	2007(F)	1,320	950	3.0	5,400	167,000	5.0
London	2005	3,067	2,063	4.8	9,133	178,910	4.2
	2006(F)	3,005	1,900	4.3	8,950	187,500	4.0
	2007(F)	2,560	1,800	3.8	8,670	191,500	4.1
Kitchener	2005	3,763	2,082	5.0	6,147	220,511	3.3
	2006(F)	3,600	2,000	3.8	6,250	235,000	3.1
	2007(F)	3,310	1,900	3.5	6,100	247,500	2.9
St. Catharines-Niagara	2005	1,412	1,043	7.0	6,715	182,605	2.7
	2006(F)	1,420	1,000	4.5	6,600	190,000	2.4
	2007(F)	1,380	950	3.5	6,350	197,000	2.3
Hamilton	2005	3,145	1,502	6.0	13,565	229,753	4.3
	2006(F)	3,080	1,380	5.8	13,450	246,000	4.2
	2007(F)	3,040	1,320	5.5	13,220	258,500	4.0
Toronto	2005	41,596	15,797	4.5	85,672	336,176	3.7
	2006(F)	39,900	13,000	4.5	84,000	356,000	3.5
	2007(F)	36,300	11,000	4.0	81,000	368,000	3.0



### Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate Structures of 3 units +
Oshawa*	2005	2,934	2,301	na	9,232	252,606	3.3
	2006(F)	2,720	2,050	na	9,100	262,000	3.0
	2007(F)	2,380	1,780	na	8,700	269,000	2.9
Kingston	2005	683	598	na	3,464	195,757	2.4
	2006(F)	700	525	na	3,400	205,240	2.2
	2007(F)	650	500	na	3,375	213,450	2.0
Ottawa	2005	4,982	2,350	5.5	13,300	248,358	3.3
	2006(F)	4,850	2,250	4.5	13,100	257,500	3.0
	2007(F)	4,650	2,225	3.5	12,900	265,300	2.8
Gatineau	2005	2123	1,192	3.50	3,992	164,000	3.10
	2006(F)	2300	1,600	3.75	3,800	168,000	3.00
	2007(F)	2350	1,500	3.00	3,650	170,000	3.00
Montréal	2005	25,317	8,544	5.5	37,951	222,915	2.0
	2006(F)	23,000	7,500	6.0	37,500	232,000	2.5
	2007(F)	20,000	6,500	5.0	36,500	240,000	3.0
Trois-Rivières	2005	919	367	na	773	112,247	1.50
	2006(F)	900	340	na	830	117,500	1.90
	2007(F)	775	310	na	800	120,000	2.30
Sherbrooke	2005	1,076	557	na	1,287	150,800	1.2
	2006(F)	1,190	500	na	1,380	161,400	1.6
	2007(F)	815	375	na	1,230	167,900	2.0
Québec	2005	5835	2,528	4.30	7045	151,660	1.40
	2006(F)	5000	2,250	5.00	7150	159,300	2.00
	2007(F)	4200	1,850	3.50	7000	162,500	2.50
Saguenay	2005	464	267	na	1,244	109,419	4.5
	2006(F)	430	245	na	1,200	117,000	5
	2007(F)	350	235	na	1,150	123,000	5
Saint John	2005	501	403	4.1	1,901	119,719	5.7
	2006(F)	500	340	3.5	1,750	123,000	5.5
	2007(F)	540	340	3.0	1,650	125,000	5.5
Halifax	2005	2,451	1,216	2.5	6,541	187,802	3.3
	2006(F)	2,825	1,150	4.0	6,200	195,500	3.6
	2007(F)	2,775	1,100	3.5	5,700	198,000	3.2
St. John's	2005	1,534	1,096	5.8	3,196	141,167	4.5
	2006(F)	1,450	1,000	4.0	2,950	148,000	5.0
	2007(F)	1,450	1,000	3.0	2,800	152,500	5.0
Charlottetown	2005	448	305	4.3	486	144,036	4.4
	2006(F)	425	275	3.5	475	147,000	4.5
	2007(F)	400	275	3.0	500	150,000	4.0
ALL METRO AREAS	2005	157,854	71,672	4.8	343,127		2.7
	2006(F)	157,443	68,965	6.2	342,555		2.8
	2007(F)	144,970	63,170	5.2	331,267		2.8

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2006-2007

MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards.

\*MLS® numbers reflect all of Durham Region

n.a.: data not available

**Major Housing Indicators**  
**Seasonally Adjusted Annual Rates**  
**(levels and quarterly percent change)**

	04:Q2	04:Q3	04:Q4	05:Q1	05:Q2	05:Q3	05:Q4	06:Q1
<b>New housing</b>								
Building permits, units, thousands	251.2	241.7	238.8	220.6	236.0	231.8	267.6	n.a.
%	7.4	-3.8	-1.2	-7.6	6.9	-1.8	15.5	n.a.
Housing starts, total, thousands	231.9	238.0	233.1	212.3	233	227.4	224.6	248
%	1.8	2.6	-2.1	-8.9	9.8	-2.4	-1.2	10.4
Housing starts, singles, thousands	126.3	134.4	127.4	116.1	125.0	116.7	121.7	132.5
%	-2.1	6.4	-5.2	-8.9	7.7	-6.6	4.3	8.9
Housing starts, multiples, thousands	105.6	103.6	105.7	96.2	108	110.7	102.9	115.5
%	7.0	-1.9	2.0	-9.0	12.3	2.5	-7.0	12.2
Housing completions, total, thousands	48,644	61,642	60,035	47,053	51,688	58,095	54,406	49,321
%	7.4	26.7	-2.6	-21.6	9.9	12.4	-6.3	-9.3
New house price index, 1997=100	122.6	124.2	125.4	126.5	128.4	130.1	132.4	n.a.
%	1.9	1.3	1.0	0.9	1.5	1.3	1.8	n.a.
<b>Existing housing</b>								
MLS <sup>®</sup> resales, units, thousands	473,224	455,200	453,028	454,940	488,612	500,448	488,932	500,568
%	2.5	-3.8	-0.5	0.4	7.4	2.4	-2.3	2.4
MLS <sup>®</sup> average resale price, \$C thousands	225,744	225,642	234,339	239,450	247,166	251,352	258,542	267,205
%	2.7	-0.0	3.9	2.2	3.2	1.7	2.9	3.4
<b>Mortgage market</b>								
1-year mortgage rate, per cent*	4.57	4.60	4.90	4.88	4.83	4.97	5.55	5.90
5-year mortgage rate, per cent*	6.45	6.38	6.25	6.12	5.90	5.80	6.15	6.4
<b>Residential investment**</b>								
Total, \$1997 billions	66.3	67.4	68.2	67.8	69.0	69.4	69.6	n.a.
%	1.6	1.7	1.2	-0.5	1.7	0.6	0.2	n.a.
New, \$1997 billions	33.0	33.5	34.1	33.3	33.3	33.0	32.9	n.a.
%	1.2	1.5	1.6	-2.1	-0.2	-0.9	-0.2	n.a.
Alterations, \$1997 billions	23.7	24.4	25.3	25.3	26.0	26.3	27.0	n.a.
%	0.5	3.1	3.6	0.2	2.7	1.0	2.7	n.a.
Transfer costs, \$1997 billions	9.63	9.59	9.13	9.39	9.92	10.31	10.01	n.a.
%	4.9	-0.5	-4.8	2.8	5.7	4.0	-2.9	n.a.
Deflator, 1997=100	125.8	126.4	127.2	128.8	129.8	130.6	132.2	n.a.
%	2.5	0.5	0.7	1.3	0.7	0.6	1.2	n.a.

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.  
n.a. Data not available.

\* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.

\*\* Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.

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