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Local Housing Market Mixed in Fourth Quarter

St. John's
December 2005

Housing market performance within the St. John's region was mixed during the fourth quarter. While housing starts continued their decline, MLS® residential sales increased during October and November and were on par with the fourth quarter of 2004.

Housing Starts Decline

The downward trend in residential construction activity, which commenced in early 2005, continued throughout the fourth quarter. Between October and December, housing starts within the St. John's region decreased 19.0 per cent to 419 units. Single-detached starts fell 14.5 per cent to 300 units, while

multiple starts decreased 28.3 per cent to 119 units. When compared to 2004's results of 1,834 units, starts dipped 16.4 per cent to 1,534 units in 2005. It should be noted that while overall activity was below the record level achieved in 2004, it remains strong in historical terms. In fact, 2005's activity is the second highest achieved in this decade.

The housing starts decline remains closely linked to the sustained increase in the supply of competitively priced existing homes. MLS® active residential listings through the Newfoundland and Labrador Association of Realtors® (NLAR®) for the St. John's CMA advanced 19.2 per cent during the fourth

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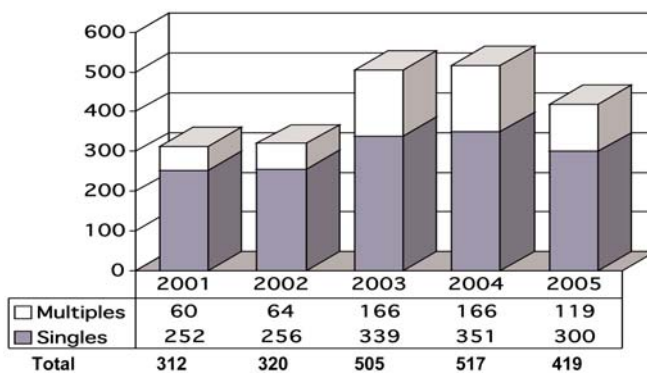
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**Housing Starts by Type
St. John's CMA
Fourth Quarter**

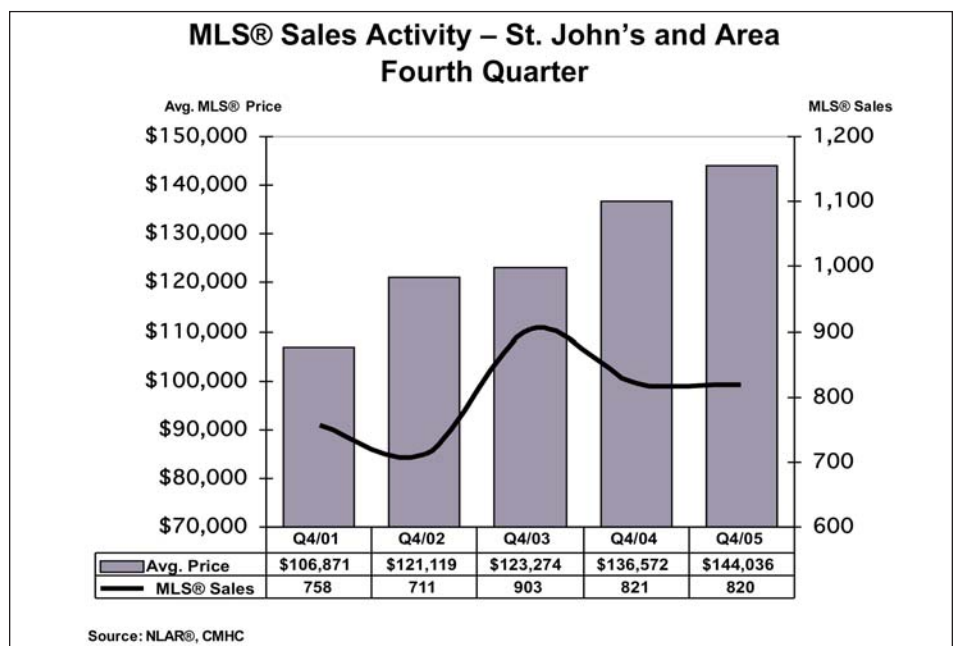
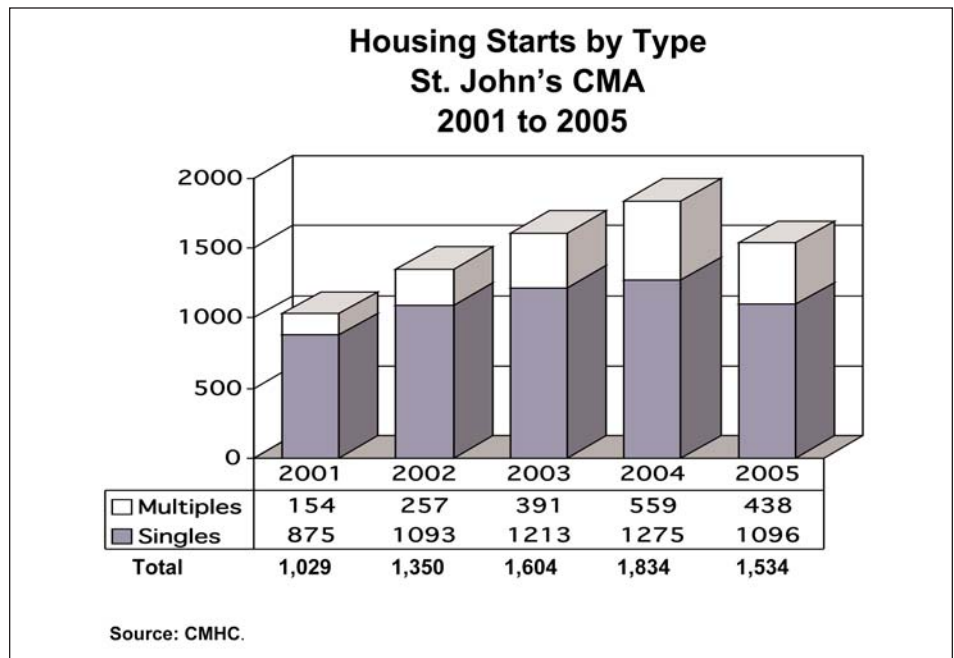


Source: CMHC.

quarter and were up 27.1 per cent over last year. Increased choices within the marketplace continued to draw buyers away from the new home market. Increasing input and development costs (land, labour and materials) also impacted demand for new homes. In 2004, the average price difference between new single- and semi-detached homes and resale homes in the St. John's area was just shy of \$39,000. During 2005, the difference climbed to over \$47,000. This growing new versus resale price gap has likely resulted in demand spillover from the new home market into the resale market, contributing to the decline in housing starts.

MLS® Residential Sales on Par with Last Year's Fourth Quarter

With another strong year posted, fourth quarter sales of existing homes were on par with last year's results. MLS® residential sales for the St. John's CMA were 820 for the quarter compared to 821 for the same period in 2004. For the months of October and November, sales were up 1.0 per cent and 5.3 per cent respectively, while December declined 7.3 per cent from a year earlier. For the year, MLS® sales were virtually flat at 3,196 units compared to 3,203 in 2004. Following three years that favoured sellers, the local resale market remained in a balanced state during the fourth quarter, largely due to the sustained increase in supply. Despite balanced conditions, price growth remained buoyant with the average price increasing 5.5 per cent to \$144,036 for the quarter, compared to the final three months of 2004. For the year, the average MLS® house price was \$141,556, for an increase of 6.4 per cent. With balanced conditions expected to prevail, the degree of price growth will ease somewhat in 2006.



MARK YOUR CALENDAR NOW! CMHC HOUSING OUTLOOK SEMINAR 2006

Date: Thursday, March 9, 2006 **Time:** 7:30 a.m.-10:45 a.m.
Place: Holiday Inn, St. John's **Cost:** \$70 HST Included

Bolstered by historically low mortgage rates and a robust economy, many of the urban resale and new home markets in Newfoundland and Labrador experienced another strong year in 2005. Looking ahead, there are good reasons to expect that these markets will slow down somewhat in 2006, but positive momentum will continue.

Alex MacDonald, Regional Economist with CMHC, will present his analysis and forecast of housing as well as the Atlantic and Newfoundland and Labrador economies, reflecting on how the sector will continue to respond.

Chris Janes, Senior Market Analyst for Newfoundland and Labrador, will discuss how the economic outlook and demographic trends will shape demand for new, resale, condominium and rental housing at the local level over the forecast period.

Call today to reserve your space or to receive additional information.

Contact Connie Hawkins either by phone: (709) 772-2048, fax: (709) 726-7014 or email: chawkins@cmhc.ca.



**TABLE I
STARTS BY AREA AND DWELLING TYPE
ST. JOHN'S CMA**

Area/Period	Single	Semi	Row	Apartment & Other	Total
St. John's City:					
Fourth Quarter 2005	114	32	18	48	212
Fourth Quarter 2004	156	70	12	60	298
Year-to-Date 2005	444	116	28	195	783
Year-to-Date 2004	465	238	37	192	932
Conception Bay South:					
Fourth Quarter 2005	72	0	0	0	72
Fourth Quarter 2004	70	0	0	0	70
Year-to-Date 2005	223	0	0	0	223
Year-to-Date 2004	281	0	0	0	281
Mount Pearl:					
Fourth Quarter 2005	3	2	0	2	7
Fourth Quarter 2004	21	0	0	4	25
Year-to-Date 2005	25	14	0	10	49
Year-to-Date 2004	73	0	0	8	81
Paradise					
Fourth Quarter 2005	63	8	3	6	80
Fourth Quarter 2004	55	0	0	18	73
Year-to-Date 2005	204	10	3	62	279
Year-to-Date 2004	227	0	0	66	293
Torbay:					
Fourth Quarter 2005	13	0	0	0	13
Fourth Quarter 2004	22	0	0	0	22
Year-to-Date 2005	73	0	0	0	73
Year-to-Date 2004	91	0	0	2	93
Other Centres:					
Fourth Quarter 2005	35	0	0	0	35
Fourth Quarter 2004	26	0	0	0	26
Year-to-Date 2005	127	2	0	0	129
Year-to-Date 2004	134	0	0	2	136
Total St. John's CMA:					
Fourth Quarter 2005	300	42	21	56	419
Fourth Quarter 2004	350	70	12	82	517
Year-to-Date 2005	1,096	142	31	267	1,534
Year-to-Date 2004	1,271	238	37	270	1,834

Source: CMHC

TABLE 2
MLS® RESIDENTIAL SALES ACTIVITY
ST. JOHN'S AND AREA

MONTH	SALES	% CHG. PREV. YEAR	ACTIVE LISTINGS	% CHG. PREV. YEAR	TOTAL \$ VALUE	AVERAGE PRICE	% CHG. PREV. YEAR	SALES-TO-LIST RATIO
JAN02	117	51.9%	843	-4.9%	\$ 12,586,944	\$ 107,581	5.1%	13.9%
FEB02	145	16.9%	822	-5.6%	\$ 14,796,528	\$ 102,045	0.2%	17.6%
MAR02	164	6.5%	923	-5.7%	\$ 18,262,972	\$ 111,360	11.2%	17.8%
APR02	205	25.0%	956	-2.0%	\$ 22,164,329	\$ 108,119	7.1%	21.4%
MAY02	291	26.5%	1,106	-5.2%	\$ 33,312,241	\$ 114,475	12.1%	26.3%
JUN02	246	-5.4%	1,174	-13.1%	\$ 28,597,464	\$ 116,250	12.8%	21.0%
JUL02	347	11.2%	1,173	-13.0%	\$ 40,659,334	\$ 117,174	8.2%	29.6%
AUG02	350	1.2%	1,147	-12.0%	\$ 39,356,201	\$ 112,446	2.0%	30.5%
SEP02	317	26.8%	948	-29.7%	\$ 36,093,500	\$ 113,860	9.2%	33.4%
OCT02	258	-5.5%	920	-17.0%	\$ 28,870,033	\$ 111,899	10.8%	28.0%
NOV02	236	-9.6%	929	-10.1%	\$ 29,150,422	\$ 123,519	14.9%	25.4%
DEC02	217	-3.1%	650	-16.2%	\$ 27,762,538	\$ 127,938	14.1%	33.4%
TOTAL	2,893	8.1%	11,591	-11.8%	\$ 331,612,506	\$ 114,626	8.9%	25.0%
JAN03	124	6.0%	761	-9.7%	\$ 15,164,841	\$ 122,297	13.7%	16.3%
FEB03	124	-14.5%	764	-7.1%	\$ 14,886,788	\$ 120,055	17.6%	16.2%
MAR03	175	6.7%	833	-9.8%	\$ 19,932,578	\$ 113,900	2.3%	21.0%
APR03	176	-14.1%	923	-3.5%	\$ 21,774,656	\$ 123,720	14.4%	19.1%
MAY03	269	-7.6%	1,006	-9.0%	\$ 30,694,103	\$ 114,104	-0.3%	26.7%
JUN03	301	22.4%	999	-14.9%	\$ 34,963,284	\$ 116,157	-0.1%	30.1%
JUL03	381	9.8%	1,074	-8.4%	\$ 47,489,407	\$ 124,644	6.4%	35.5%
AUG03	368	5.1%	1,093	-4.7%	\$ 45,025,630	\$ 122,352	8.8%	33.7%
SEP03	299	-5.7%	1,160	22.4%	\$ 37,216,078	\$ 124,468	9.3%	25.8%
OCT03	347	34.5%	1,031	12.1%	\$ 42,409,433	\$ 122,217	9.2%	33.7%
NOV03	268	13.6%	1,042	12.2%	\$ 32,562,810	\$ 121,503	-1.6%	25.7%
DEC03	287	32.3%	744	14.5%	\$ 36,191,051	\$ 126,101	-1.4%	38.6%
TOTAL	3,119	7.8%	11,430	-1.4%	\$ 378,310,659	\$ 121,292	5.8%	27.3%
JAN04	111	-10.5%	793	4.2%	\$ 15,097,246	\$ 136,011	11.2%	14.0%
FEB04	128	3.2%	857	12.2%	\$ 16,746,669	\$ 130,833	9.0%	14.9%
MAR04	176	0.6%	924	10.9%	\$ 23,340,202	\$ 132,615	16.4%	19.0%
APR04	250	42.0%	906	-1.8%	\$ 31,153,193	\$ 124,613	0.7%	27.6%
MAY04	264	-1.9%	989	-1.7%	\$ 35,934,825	\$ 136,117	19.3%	26.7%
JUN04	298	-1.0%	1,021	2.2%	\$ 38,167,772	\$ 128,080	10.3%	29.2%
JUL04	418	9.7%	1,128	5.0%	\$ 55,532,387	\$ 132,853	6.6%	37.1%
AUG04	402	9.2%	1,234	12.9%	\$ 53,587,468	\$ 133,302	8.9%	32.6%
SEP04	335	12.0%	1,307	12.7%	\$ 44,652,818	\$ 133,292	7.1%	25.6%
OCT04	310	-10.7%	1,295	25.6%	\$ 40,244,605	\$ 129,821	6.2%	23.9%
NOV04	266	-0.7%	1,229	17.9%	\$ 37,284,004	\$ 140,165	15.4%	21.6%
DEC04	245	-14.6%	1,079	45.0%	\$ 34,233,789	\$ 139,730	10.8%	22.7%
TOTAL	3,203	2.7%	12,762	11.7%	\$ 425,974,978	\$ 132,993	9.6%	25.1%
JAN05	118	6.3%	1,044	31.7%	\$ 16,857,909	\$ 142,864	5.0%	11.3%
FEB05	150	17.2%	1,097	28.0%	\$ 20,128,172	\$ 134,188	2.6%	13.7%
MAR05	179	1.7%	1,130	22.3%	\$ 24,416,538	\$ 136,405	2.9%	15.8%
APR05	213	-14.8%	1,267	39.8%	\$ 31,140,489	\$ 146,199	17.3%	16.8%
MAY05	304	15.2%	1,395	41.1%	\$ 41,168,192	\$ 135,422	-0.5%	21.8%
JUN05	309	3.7%	1,441	41.1%	\$ 43,785,962	\$ 141,702	10.6%	21.4%
JUL05	342	-18.2%	1,498	32.8%	\$ 49,075,257	\$ 143,495	8.0%	22.8%
AUG05	428	6.5%	1,572	27.4%	\$ 61,953,747	\$ 144,752	8.6%	27.2%
SEP05	333	-0.6%	1,484	13.5%	\$ 45,965,362	\$ 138,034	3.6%	22.4%
OCT05	313	1.0%	1,601	23.6%	\$ 45,176,396	\$ 144,334	11.2%	19.6%
NOV05	280	5.3%	1,550	26.1%	\$ 39,202,720	\$ 140,010	-0.1%	18.1%
DEC05	227	-7.3%	1,144	6.0%	\$ 33,542,395	\$ 147,764	5.7%	19.8%
TOTAL	3,196	-0.2%	16,223	27.1%	\$ 452,413,139	\$ 141,556	6.4%	19.7%

Source: NLAR®

This publication is also available in French. For more information, or to subscribe, contact Mary-Jana Wege at the Atlantic Business Centre at (902) 426-4708. Ce document est disponible en français. Veuillez communiquer avec Mary-Jana Wege au Centre d'affaires de l'Atlantique au (902) 426-4708.

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