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Canada Mortgage and Housing Corporation

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THIRD QUARTER 2005

New Home Market Construction slides

Rising new house prices, falling numbers of people migrating from Toronto and moderate employment growth have slowed down new home construction in the third quarter of 2005. Total home starts have been trending lower since the end of last year and have plunged by 37 per cent in the third quarter compared to the same quarter last year. Significant declines were felt across the board. While the more volatile multi-family home starts registered the largest drop of 41 per cent, caution must be exercised

when interpreting these results. Comparisons are made against record levels in 2004.

The rising popularity of condominium apartments and town homes (commonly referred to as multi-family dwellings) by price conscious home buyers is demonstrated by their year-to-date increases in Hamilton City and Flamborough by 16 and two per cent respectively. Lack of available land within the downtown core is another reason for the sharp increase in multi-family dwelling construction in Hamilton City. Rising price of new homes in sub-markets such as Burlington and

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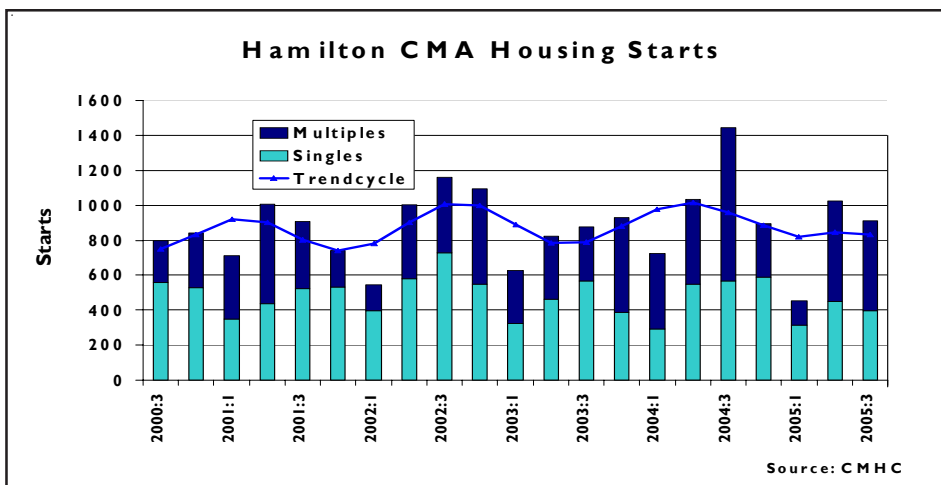
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Ancaster (which are typically highly priced) appears to have had a negative impact on housing demand and resulted in declines in their housing starts.

The average price of an absorbed detached home in Hamilton skyrocketed by 17 per cent to \$367, 699 in the third quarter compared to the same time period last year. Prices of new detached homes in Burlington and Ancaster grew by 23 and 24 per cent respectively - a testament to their growing popularity of as hot residential localities.

The increase in the share of higher priced absorbed detached homes in Hamilton is reflective of strong move-up buyer demand. The share of completed and absorbed single-detached homes in the highest price category (above \$350,000) had the largest increase -- 39 per cent in the third quarter of 2005 compared to a year earlier. Homes in this category will contain finishing and upgrades not included in homes at lower price points. Those seeking to move to a bigger and an upgraded home will chose to buy homes at the higher price levels.

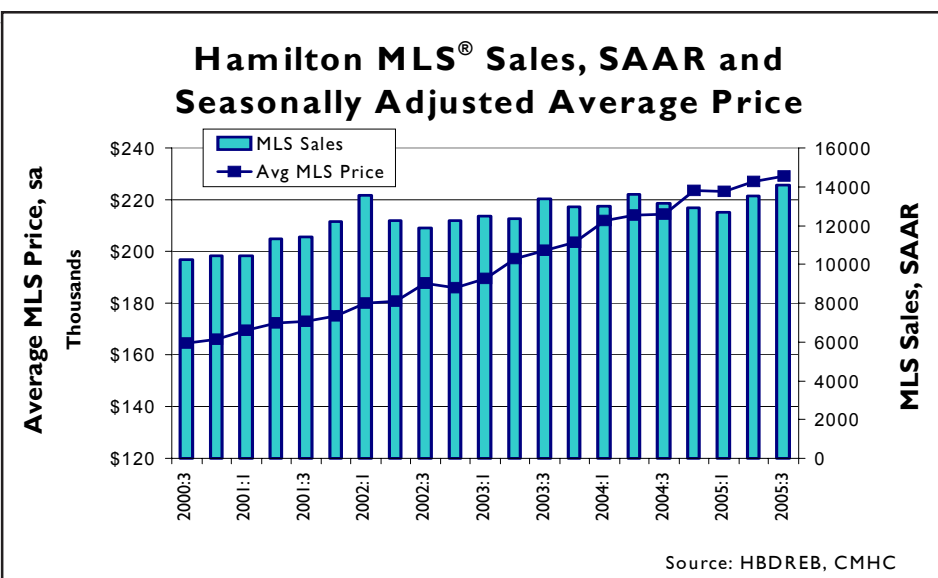
Resale Market Buoyant sales

A sharp drop in net in-migration and more moderate employment growth did little to deter Hamilton's demand in the third quarter of 2005. Seasonally adjusted sales have been trending higher since the beginning of 2005. Low borrowing costs helped to boost sales to 3,614 in the third quarter of 2005 - up by eight per cent from the same time period last year.

A shortage of new listings has been a characteristic feature in the

Hamilton resale home market. New listings have trended lower since the mid 1990s. There has been a slight deviation from this trend over the last three years and new listings have started to creep upwards, rising by five per cent to 4,716 in the third quarter of 2005 from the same time period last year. Homeowners, encouraged by rising house prices, are listing their homes up for sale to take advantage of strong equity gains and move into homes better suited to their needs. From a historical perspective, new listings remain below the peak levels reached in the mid-1990s. The year-to-date supply of new listings has only increased by one per cent compared to the same time period last year.

Hamilton's resale home market is strongly in favour of sellers. Under current market conditions, where sales are high and new listings are low compared to levels in the past ten years, the net result is a very tight resale home market. Price growth in such a market will be well above the general rate of inflation. The sales-to-new-listings ratio (SNLR) is a good measure of price pressures in a resale home market. A market with a ratio in excess of 55 per cent favours sellers. A market is considered in



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favour of buyers if this ratio falls below 40 per cent. A balanced market is indicated by a SNLR falling in between. The Hamilton resale home market has a long way to go before it reaches balanced market conditions let alone buyers' territory. The SNLR in the third quarter was sky high at 77 per cent. The year-to-date SNLR ratio stands at 74 per cent.

Under such tight market conditions, average price growth has been well above the general rate of inflation. The seasonally adjusted average Multiple Listings Service (MLS) price has trended up every quarter of this year. The unadjusted average MLS price increased by seven per cent to \$228,158 in the third quarter from the same time period last year. This is approximately three times the general rate of inflation as measured by Statistics Canada's Consumer Price Index.

Table I: Housing Activity Summary for Hamilton CMA

	OWNERSHIP					RENTAL		GRAND **TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
STARTS								
Q3 2005	398	74	90	155	121	75	0	913
Q3 2004	567	36	176	246	375	0	41	1,441
% Change	-29.8	105.6	-48.9	-37.0	-67.7	NA	-100.0	-36.6
Year-to-date 2005	1,160	186	249	341	205	79	172	2,392
Year-to-date 2004	1,406	142	460	483	495	26	187	3,199
% Change	-17.5	31.0	-45.9	-29.4	-58.6	**	-8.0	-25.2
UNDER CONSTRUCTION								
September 2005	843	170	315	467	580	89	378	2,842
September 2004	846	72	403	463	702	26	187	2,699
COMPLETIONS								
Q3 2005	487	26	39	128	48	4	4	736
Q3 2004	529	68	248	178	62	0	5	1,090
% Change	-7.9	-61.8	-84.3	-28.1	-22.6	NA	-20.0	-32.5
Year-to-date 2005	1,242	60	178	359	261	16	41	2,157
Year-to-date 2004	1,292	108	472	291	62	0	17	2,242
% Change	-3.9	-44.4	-62.3	23.4	**	NA	141.2	-3.8
COMPLETE & NOT ABSORBED								
September 2005	48	13	26	14	5	6	0	112
September 2004	53	12	37	12	0	0	1	115
ABSORPTIONS								
Q3 2005	496	15	42	136	43	4	4	740
Q3 2004	542	70	234	178	63	0	4	1,091
% Change	-8.5	-78.6	-82.1	-23.6	-31.7	NA	0.0	-32.2
Year-to-date 2005	1,252	57	236	372	256	10	53	2,236
Year-to-date 2004	1,286	115	469	299	68	0	16	2,253
% Change	-2.6	-50.4	-49.7	24.4	**	NA	**	-0.8

*Includes all market types

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

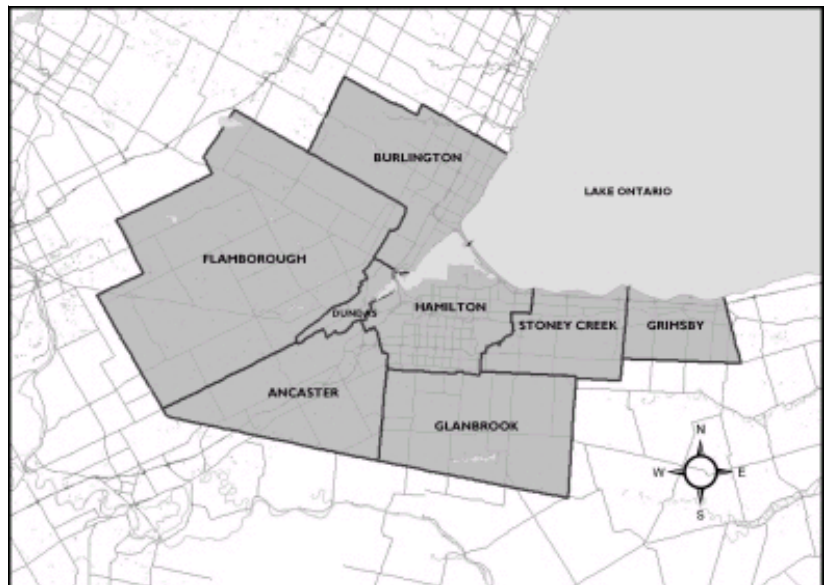


Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q3 2004	Q3 2005	% change	Q3 2004	Q3 2005	% change	Q3 2004	Q3 2005	% change
Hamilton CMA	567	398	-29.8	874	515	-41.1	1,441	913	-36.6
New City of Hamilton	394	300	-23.9	402	284	-29.4	796	584	-26.6
Burlington City	124	89	-28.2	416	231	-44.5	540	320	-40.7
Grimsby Town	49	9	-81.6	56	0	-100.0	105	9	-91.4
Hamilton City	105	80	-23.8	142	171	20.4	247	251	1.6
Stoney Creek City	82	51	-37.8	114	37	-67.5	196	88	-55.1
Ancaster Town	100	54	-46.0	55	48	-12.7	155	102	-34.2
Dundas Town	9	18	100.0	4	0	-100.0	13	18	38.5
Flamborough	24	25	4.2	24	2	-91.7	48	27	-43.8
Glanbrook	74	72	-2.7	63	26	-58.7	137	98	-28.5

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

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2004	YTD 2005	% change	YTD 2004	YTD 2005	% change	YTD 2004	YTD 2005	% change
Hamilton CMA	1,406	1,160	-17.5	1,793	1,232	-31.3	3,199	2,392	-25.2
New City of Hamilton	875	717	-18.1	716	623	-13.0	1,591	1,340	-15.8
Burlington City	393	382	-2.8	982	609	-38.0	1,375	991	-27.9
Grimsby Town	138	61	-55.8	95	0	-100.0	233	61	-73.8
Hamilton City	191	181	-5.2	247	328	32.8	438	509	16.2
Stoney Creek City	210	132	-37.1	166	114	-31.3	376	246	-34.6
Ancaster Town	202	159	-21.3	97	75	-22.7	299	234	-21.7
Dundas Town	37	36	-2.7	4	0	-100.0	41	36	-12.2
Flamborough	73	67	-8.2	40	48	20.0	113	115	1.8
Glanbrook	162	142	-12.3	162	58	-64.2	324	200	-38.3

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

Sub Market Area	Q3 2004	Q3 2005	% Change	YTD 2004	YTD 2005	% Change
Hamilton CMA	312,077	372,901	19.5	313,263	367,699	17.4
New City of Hamilton	291,916	344,858	18.1	298,583	336,371	12.7
Burlington City	373,391	419,968	12.5	352,037	433,745	23.2
Grimsby Town	282,870	306,729	8.4	278,557	313,188	12.4
Hamilton City	267,320	280,794	5.0	256,338	278,921	8.8
Stoney Creek City	263,645	323,524	22.7	262,559	299,770	14.2
Ancaster Town	349,480	423,421	21.2	356,422	441,596	23.9
Dundas Town	328,366	355,832	8.4	328,008	335,209	2.2
Flamborough	381,788	401,723	5.2	410,926	421,224	2.5
Glanbrook	246,620	301,990	22.5	265,715	279,040	5.0

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

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

AREA	PRICE RANGES										
	<\$174,999		\$175-\$249,999		\$250-\$299,999		\$300-\$349,999		\$350,000+		TOTAL
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
Hamilton CMA											
Q3 2005	6	1.2	41	8.3	89	17.9	168	33.9	192	38.7	496
Q3 2004	6	1.1	150	27.7	170	31.4	89	16.4	127	23.4	542
YTD 2005	9	0.7	159	12.7	301	24.0	345	27.6	438	35.0	1,252
YTD 2004	15	1.2	319	24.8	386	30.0	239	18.6	327	25.4	1,286
New City of Hamilton											
Q3 2005	6	2.4	37	14.9	62	24.9	56	22.5	88	35.3	249
Q3 2004	6	1.8	125	38.0	95	28.9	40	12.2	63	19.1	329
YTD 2005	9	1.2	146	19.8	198	26.8	162	21.9	224	30.3	739
YTD 2004	15	2.0	272	35.7	222	29.2	91	12.0	161	21.2	761
Burlington City											
Q3 2005	0	0.0	1	0.5	4	1.9	107	51.9	94	45.6	206
Q3 2004	0	0.0	0	0.0	46	32.4	35	24.6	61	43.0	142
YTD 2005	0	0.0	3	0.7	52	12.3	171	40.3	198	46.7	424
YTD 2004	0	0.0	12	3.0	95	23.8	132	33.0	161	40.3	400
Grimsby Town											
Q3 2005	0	0.0	3	7.3	23	56.1	5	12.2	10	24.4	41
Q3 2004	0	0.0	25	35.2	29	40.8	14	19.7	3	4.2	71
YTD 2005	0	0.0	10	11.2	51	57.3	12	13.5	16	18.0	89
YTD 2004	0	0.0	35	28.0	69	55.2	16	12.8	5	4.0	125
Hamilton City											
Q3 2005	4	6.3	16	25.0	18	28.1	20	31.3	6	9.4	64
Q3 2004	0	0.0	34	44.7	25	32.9	12	15.8	5	6.6	76
YTD 2005	7	3.8	52	28.0	63	33.9	48	25.8	16	8.6	186
YTD 2004	7	3.7	89	47.1	66	34.9	18	9.5	9	4.8	189
Stoney Creek City											
Q3 2005	0	0.0	1	1.9	20	37.7	18	34.0	14	26.4	53
Q3 2004	1	1.1	50	53.2	33	35.1	1	1.1	9	9.6	94
YTD 2005	0	0.0	26	16.5	63	39.9	41	25.9	28	17.7	158
YTD 2004	1	0.5	104	53.3	65	33.3	8	4.1	17	8.7	195
Ancaster Town											
Q3 2005	0	0.0	2	3.2	9	14.3	9	14.3	43	68.3	63
Q3 2004	1	2.0	0	0.0	15	30.0	11	22.0	23	46.0	50
YTD 2005	0	0.0	2	1.3	9	5.6	39	24.4	110	68.8	160
YTD 2004	1	0.7	5	3.7	35	25.7	33	24.3	62	45.6	136
Dundas Town											
Q3 2005	0	0.0	0	0.0	3	25.0	2	16.7	7	58.3	12
Q3 2004	0	0.0	1	3.8	10	38.5	9	34.6	6	23.1	26
YTD 2005	0	0.0	0	0.0	15	32.6	11	23.9	20	43.5	46
YTD 2004	0	0.0	1	1.9	22	41.5	18	34.0	12	22.6	53
Flamborough											
Q3 2005	2	7.7	8	30.8	1	3.8	0	0.0	15	57.7	26
Q3 2004	4	12.1	8	24.2	0	0.0	2	6.1	19	57.6	33
YTD 2005	2	2.7	17	23.0	6	8.1	7	9.5	42	56.8	74
YTD 2004	6	7.4	15	18.5	5	6.2	5	6.2	50	61.7	81
Glanbrook											
Q3 2005	0	0.0	10	32.3	11	35.5	7	22.6	3	9.7	31
Q3 2004	0	0.0	32	64.0	12	24.0	5	10.0	1	2.0	50
YTD 2005	0	0.0	49	42.6	42	36.5	16	13.9	8	7.0	115
YTD 2004	0	0.0	58	54.2	29	27.1	9	8.4	11	10.3	107

Source: CMHC

Note: N/A may appear where CMHC data suppression rules apply

Table 5: Resale Housing Activity for Hamilton Real Estate Board

		Number of		Sales	Number of	New Listings	Sales-to-New	Average		Average
		Sales	Yr/Yr %	SAAR	New Listings	SAAR	Listings SA	Price (\$)	Yr/Yr %	Price (\$) SA
2004	January	758	0.9	13,000	1,281	16,700	77.7	205,495	10.0	210,228
	February	956	-10.4	12,100	1,333	15,900	75.9	207,768	8.3	204,948
	March	1,393	29.5	13,900	1,766	17,100	81.4	217,984	14.2	219,552
	April	1,454	20.5	13,800	1,759	17,600	78.4	217,098	9.3	213,216
	May	1,341	4.7	13,600	1,734	17,500	77.6	216,121	8.9	211,922
	June	1,374	4.6	13,500	1,815	18,000	75.2	221,967	7.9	217,440
	July	1,210	-10.6	13,200	1,545	17,400	75.7	215,512	9.7	214,187
	August	1,119	8.1	13,500	1,402	17,700	76.2	208,998	4.8	212,605
	September	1,017	-9.0	12,800	1,541	17,900	71.4	218,742	9.4	216,280
	October	980	-5.8	13,100	1,314	17,800	73.3	218,204	7.8	221,191
	November	930	3.1	12,800	1,108	17,100	74.9	224,336	11.1	227,652
	December	644	-3.0	12,900	625	15,900	81.0	212,592	8.9	221,469
2005	January	715	-5.7	12,900	1,238	16,800	76.8	219,098	6.6	221,148
	February	995	4.1	12,700	1,348	16,600	76.5	219,874	5.8	220,858
	March	1,236	-11.3	12,500	1,636	16,500	76.1	227,663	4.4	227,398
	April	1,292	-11.1	12,700	1,783	17,900	70.7	226,284	4.2	224,224
	May	1,420	5.9	13,700	1,910	18,300	75.0	232,107	7.4	229,938
	June	1,445	5.2	14,100	1,797	17,700	79.7	238,333	7.4	226,558
	July	1,181	-2.4	13,500	1,430	17,100	79.0	227,848	5.7	226,608
	August	1,293	15.5	14,600	1,593	18,900	77.0	225,976	8.1	229,257
	September	1,140	12.1	14,200	1,693	19,200	74.1	230,956	5.6	231,494
	October									
	November									
	December									
Q3 2004	3,346	-4.6	13,200	4,488	17,700	74.4	214,315	8.0	214,323	
Q3 2005	3,614	8.0	14,100	4,716	18,400	76.6	228,158	6.5	229,166	
YTD 2004	10,622	4.1		14,176			215,176	9.2		
YTD 2005	10,717	0.9		14,428			228,397	6.1		

	Annual Sales	Yr/Yr %		Annual New Listings	Yr/Yr %		Annual Average Price (\$)	Yr/Yr %	
1995	7,737	-7.3		21,983	-7.8		141,109	-3.3	
1996	10,224	32.1		19,133	-13.0		142,267	0.8	
1997	9,972	-2.5		17,755	-7.2		151,538	6.5	
1998	10,017	0.5		17,549	-1.2		153,628	1.4	
1999	10,543	5.3		16,208	-7.6		158,162	3.0	
2000	10,347	-1.9		19,496	20.3		164,168	3.8	
2001	11,334	9.5		18,585	-4.7		172,567	5.1	
2002	12,482	10.1		15,850	-14.7		183,442	6.3	
2003	12,807	2.6		16,555	4.4		197,744	7.8	
2004	13,176	2.9		17,223	4.0		197,745	9.2	

Source: Canadian Real Estate Association

Table 6: Economic Indicators

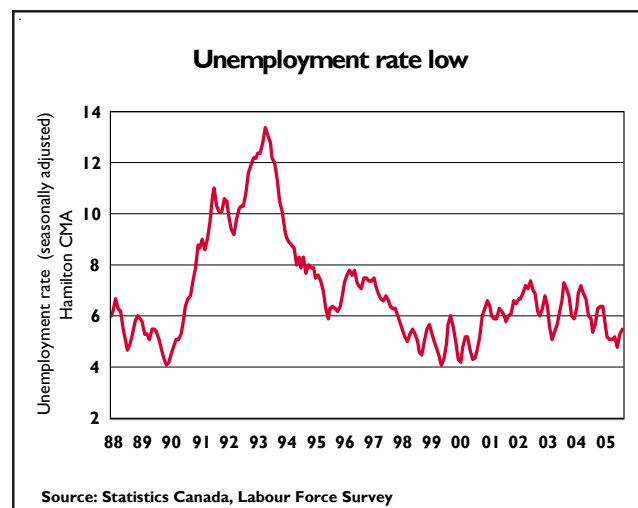
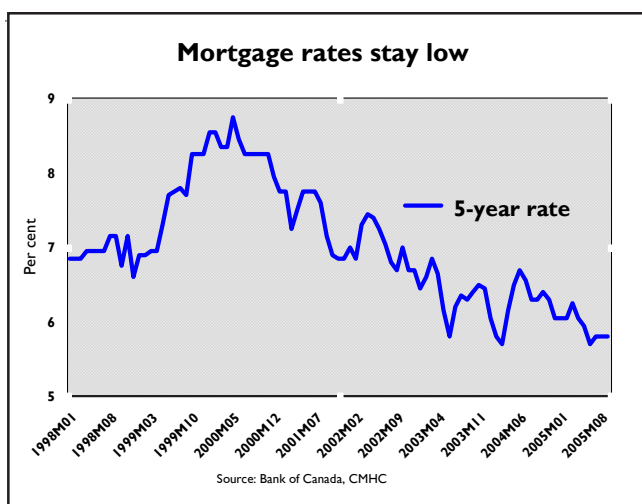
		Interest and Exchange Rates				Inflation Rate (%)	NHPI*** % chg	Hamilton CMA Labour Market		
		P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)	Ontario	Hamilton CMA	Employment	Employment	Unemployment
			1 Yr. Term	5 Yr. Term		1996=100	1997=100	SA** (,000)	SA m/m (%)	Rate (%) SA
2004	January	642.78	4.3	6.1	0.755	1.5	4.3	368.9	0.1	5.9
	February	627.97	4.3	5.8	0.749	0.8	5.2	363.4	-1.5	6.3
	March	622.08	4.3	5.7	0.763	1.1	3.9	360.9	-0.7	6.9
	April	648.75	4.5	6.2	0.729	2.3	4.3	361.2	0.1	7.2
	May	669.82	4.6	6.5	0.733	2.8	5.3	367.9	1.9	6.9
	June	681.99	4.7	6.7	0.750	2.4	6.2	372.3	1.2	6.7
	July	672.86	4.6	6.6	0.752	2.4	5.4	377.9	1.5	6.0
	August	657.75	4.4	6.3	0.762	1.5	4.5	379.0	0.3	5.9
	September	657.75	4.8	6.3	0.793	1.5	5.6	382.9	1.0	5.4
	October	663.77	4.9	6.4	0.821	2.1	5.8	379.6	-0.9	5.7
	November	657.75	5.0	6.3	0.843	2.2	6.7	374.5	-1.3	6.3
	December	642.78	4.8	6.1	0.832	1.9	6.7	371.1	-0.9	6.4
2005	January	642.78	4.8	6.1	0.806	1.6	6.7	365.2	-1.6	6.4
	February	642.78	4.8	6.1	0.811	2.2	6.3	366.1	0.2	5.6
	March	654.74	5.1	6.3	0.827	2.3	7.1	357.9	-2.2	5.2
	April	642.78	4.9	6.1	0.795	2.3	7.1	360.7	0.8	5.1
	May	636.84	4.9	6.0	0.797	1.5	6.5	361.9	0.3	5.1
	June	622.08	4.8	5.7	0.816	1.9	5.4	366.4	1.2	5.2
	July	627.97	4.9	5.8	0.817	1.9	5.6	365.5	-0.2	4.8
	August	627.97	5.0	5.8	0.842	2.7	5.5	364.1	-0.4	5.3
	September	627.97	5.0	5.8	0.860			364.1		5.5
	October									
	November									
	December									

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

** Seasonally Adjusted

*** New Housing Price Index

Source: CMHC, Statistics Canada Labour Force Survey



Definitions

- 1. Starts:** refers to units where construction has advanced to a stage where full (100%) footings are in place. For multiple dwellings (semi-detached, row housing and apartments) the definition of a start applies to the structure or block of row units rather than to the project as a whole.
- 2. Under Construction:** those units which have been started but which are not complete.
- 3. Completions - Single-detached/semi-detached units:** this generally is the stage at which all proposed construction work is complete. A unit may be completed at the 90% stage where the remaining work is largely cosmetic. **Row housing/ Apartment:** completions means that 90% or more of the dwelling units within a block of row units or an apartment structure are completed and ready for occupancy
- 4. Completed and Not Absorbed:** all completed units of new construction (excluding model homes not available for sale) which have never been sold or leased.
- 5. Absorptions:** the number of completed units (excluding model homes) that have been sold or leased.
- 6. Seasonally Adjusted (SA):** Actual monthly (or quarterly) figures adjusted to remove normal seasonal variation.
- 7. Seasonally Adjust Annual Rates (SAAR):** Seasonally adjusted monthly figures multiplied by 12 (or quarterly figures multiplied by 4) to reflect annualized levels of activity.
- 8. Definitions for CMA, NHPI, CPI, and Inflation Rate** can be found in the Statistics Canada website - <http://www.statcan.ca>

2005 Condominium Report for the GTA

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