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New Home Market

Strong start to 2006

Job growth and a warmer than usual winter helped to push housing starts up during the first quarter of 2006—a marked break from the 2005 slow down in construction. First quarter 2006 housing starts shot up by over 20 per cent to 545 units from the same time period a year earlier. The more affordable multiple-family dwellings, such as town houses and semi-detached homes, were responsible for the surge in construction. Escalating prices have curtailed buying activity of detached homes. Single-detached home starts recorded a nine per cent fall to 287 units.

High house prices in expensive sub-markets such as Burlington have shifted some of the home buying activity to more affordable submarkets. Glanbrook recorded the highest increase in the number of starts to reach 105 homes during the first quarter of 2006 followed closely by Hamilton City at 52 homes. Burlington, though boasting nearly 234 starts, increased by only three per cent compared to a jump of 41 per cent for the City of Hamilton.

Burlington's sharp increase in multiple-family dwelling construction

FIRST QUARTER 2006

Date Released: Second Quarter 2006

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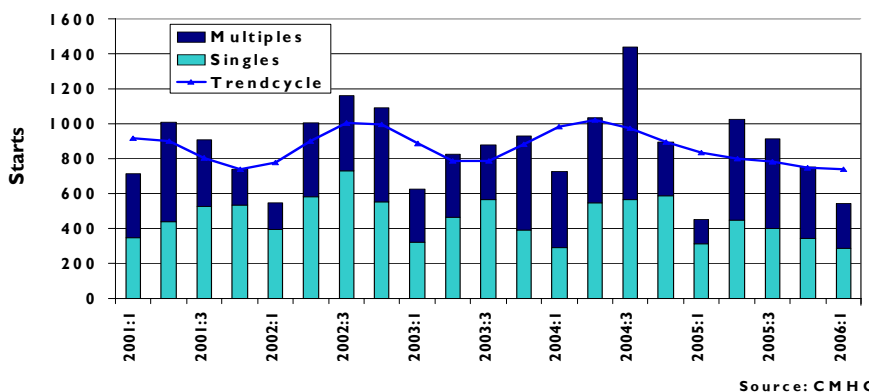
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Hamilton CMA Housing Starts



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is a strong indication that affordability is driving housing demand. Burlington's multiple starts jumped by nearly 100 per cent to 149 units, most in the form of town houses and condominium apartments.

A shortage of land and existing homes listed for sale helped raise new home prices in Hamilton. The average absorbed price of a newly built single-detached home rose by 10 per cent to \$426,028 during the

first quarter of 2006 compared to the same time period a year earlier.

Burlington remained the most expensive submarket within Hamilton. The average price of an absorbed detached home stood at a mammoth \$695,421 in the first quarter of 2006, or a 44 per cent increase over the same quarter a year prior! Ancaster, which typically boasts house prices in par with that of Burlington, saw prices fall. The average new detached home price fell by almost eight per cent to \$486,022. The fall in Ancaster's new home prices may be attributed to detached homes being built on smaller lots and hence being offered for sale at a lower price point.

The demographic make-up of Hamilton is strongly skewed towards an older population with higher incomes and is able to support the high house prices in areas like Burlington and Ancaster. Baby boomers are in their late 40s and early 50s, ages associated with accumulated wealth and built up home equity. Chances are some are looking to move in to their second or third home, and are willing to spend on upgrades.

Resale Home Market

Sales soar

Low mortgage rates and a mild winter kept resale home sales soaring in the first quarter of 2006. Home sales have been trending higher since the end of 2005 and the current momentum in home buying activity comes as no real surprise. Existing home sales rose by 12 per cent to 3,293 in the first quarter of 2006 from the same time period a year prior.

Resale home sales in Hamilton Centre, Hamilton Mountain and Burlington accounted for a large share of total sales. Close proximity to downtown Toronto via the 403 or the GO Train Service from these areas makes them highly desirable residential localities.

Over the past decade, new listings have been in short supply in Hamilton. Though still low from a historical standpoint, new listings have started to creep upwards since the end of 2004 as existing homeowners list their homes up for sale to take advantage of high house prices. New listings in the first quarter of 2006 jumped by 17 per cent to 4,960

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compared to the same time period a year earlier.

Hamilton's resale home market has been in sellers' territory for the past four consecutive years and has consistently remained one of the tightest markets in Ontario. The combined pressure of sales and new listings on home prices is captured by the sales-to-new listings ratio (SNLR). A resale home market with a SNLR above 55 per cent typically has rapidly rising prices and is considered strongly in favour of sellers. A market with a ratio below 40 per cent is in favour of buyers while a ratio in between indicates a balanced market with price growth in line with inflation. Hamilton's SNLR in the first quarter of 2006 was at 66 per cent or firmly in sellers' territory.

The tight resale home market conditions helped Hamilton's average Multiple Listings Service price to increase by 10 per cent to \$245,927 in the first quarter of 2006 from the same time period a year earlier. As associated with a sellers' market, the price growth was approximately four times above the prevailing rate of inflation as measured by Statistics Canada's Consumer Price Index. Popular submarkets of Burlington and Ancaster recorded high average MLS prices above \$320,000.

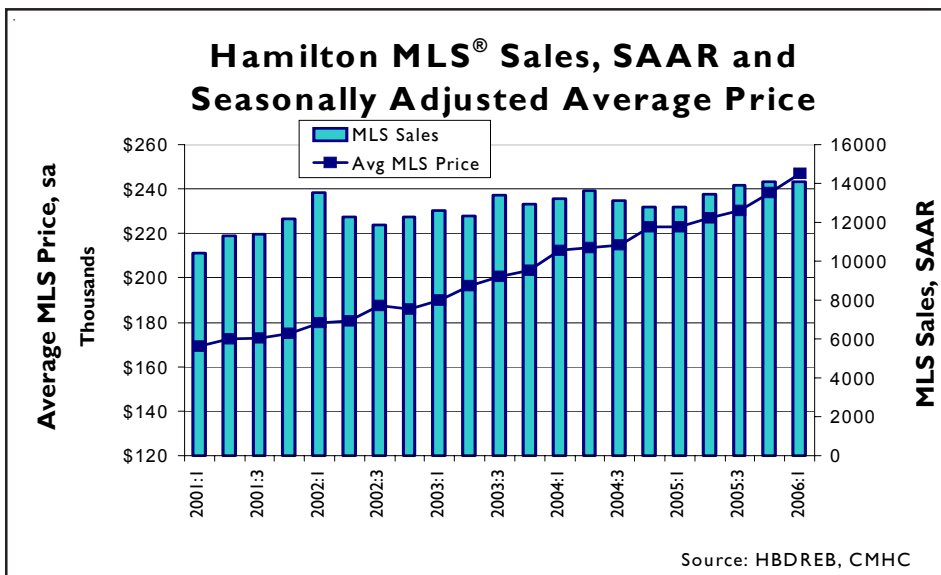


Table I: Housing Activity Summary for Hamilton CMA

	OWNERSHIP					RENTAL		GRAND **TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
STARTS								
QI 2006	287	42	126	66	20	0	4	545
QI 2005	314	12	70	57	0	0	0	453
% Change	-8.6	**	80.0	15.8	NA	NA	NA	20.3
Year-to-date 2006	287	42	126	66	20	0	4	545
Year-to-date 2005	314	12	70	57	0	0	0	453
% Change	-8.6	**	80.0	15.8	NA	NA	NA	20.3
UNDER CONSTRUCTION								
March 2006	737	128	481	407	622	100	252	2,727
March 2005	918	30	278	409	648	14	172	2,469
COMPLETIONS								
QI 2006	332	72	79	111	118	14	0	726
QI 2005	321	26	53	113	60	12	3	588
% Change	3.4	176.9	49.1	-1.8	96.7	16.7	-100.0	23.5
Year-to-date 2006	332	72	79	111	118	14	0	726
Year-to-date 2005	321	26	53	113	60	12	3	588
% Change	3.4	176.9	49.1	-1.8	96.7	16.7	-100.0	23.5
COMPLETE & NOT ABSORBED								
March 2006	39	5	29	15	20	20	0	128
March 2005	40	2	41	19	0	6	0	108
ABSORPTIONS								
QI 2006	330	83	74	107	118	0	0	712
QI 2005	334	34	104	113	60	6	15	666
% Change	-1.2	144.1	-28.8	-5.3	96.7	-100.0	-100.0	6.9
Year-to-date 2006	330	83	74	107	118	0	0	712
Year-to-date 2005	334	34	104	113	60	6	15	666
% Change	-1.2	144.1	-28.8	-5.3	96.7	-100.0	-100.0	6.9

*Includes all market types

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

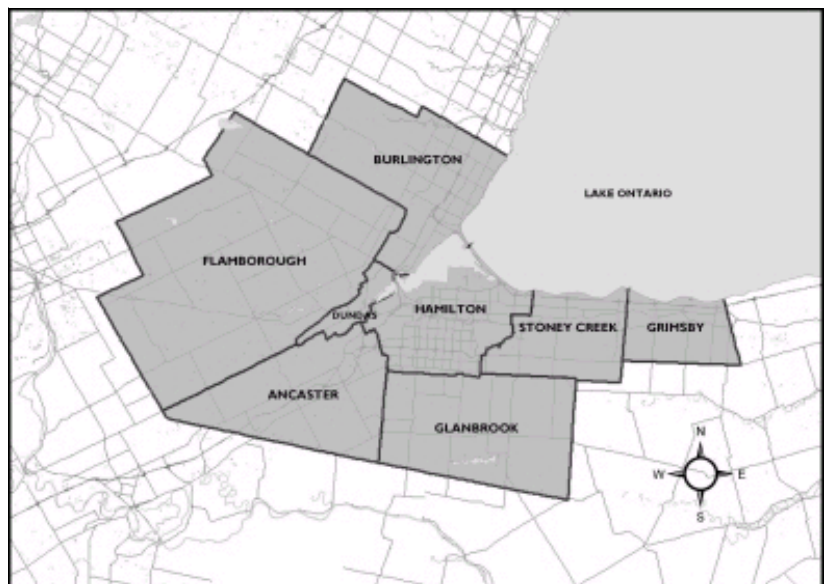


Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q1 2005	Q1 2006	% change	Q1 2005	Q1 2006	% change	Q1 2005	Q1 2006	% change
Hamilton CMA	314	287	-8.6	139	258	85.6	453	545	20.3
New City of Hamilton	143	194	35.7	64	98	53.1	207	292	41.1
Burlington City	152	85	-44.1	75	149	98.7	227	234	3.1
Grimsby Town	19	8	-57.9	0	11	NA	19	19	0.0
Hamilton City	31	28	-9.7	8	24	200.0	39	52	33.3
Stoney Creek City	33	41	24.2	28	36	28.6	61	77	26.2
Ancaster Town	43	22	-48.8	20	18	-10.0	63	40	-36.5
Dundas Town	4	7	75.0	0	0	NA	4	7	75.0
Flamborough	19	11	-42.1	0	0	NA	19	11	-42.1
Glanbrook	13	85	**	8	20	150.0	21	105	**

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

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2005	YTD 2006	% change	YTD 2005	YTD 2006	% change	YTD 2005	YTD 2006	% change
Hamilton CMA	314	287	-8.6	139	258	85.6	453	545	20.3
New City of Hamilton	143	194	35.7	64	98	53.1	207	292	41.1
Burlington City	152	85	-44.1	75	149	98.7	227	234	3.1
Grimsby Town	19	8	-57.9	0	11	NA	19	19	0.0
Hamilton City	31	28	-9.7	8	24	200.0	39	52	33.3
Stoney Creek City	33	41	24.2	28	36	28.6	61	77	26.2
Ancaster Town	43	22	-48.8	20	18	-10.0	63	40	-36.5
Dundas Town	4	7	75.0	0	0	NA	4	7	75.0
Flamborough	19	11	-42.1	0	0	NA	19	11	-42.1
Glanbrook	13	85	**	8	20	150.0	21	105	**

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

Sub Market Area	Q1 2005	Q1 2006	% Change	YTD 2005	YTD 2006	% Change
Hamilton CMA	386,928	426,028	10.1	386,928	426,028	10.1
New City of Hamilton	344,731	340,097	-1.3	344,731	340,097	-1.3
Burlington City	482,407	695,421	44.2	482,407	695,421	44.2
Grimsby Town	323,435	362,131	12.0	323,435	362,131	12.0
Hamilton City	263,749	305,147	15.7	263,749	305,147	15.7
Stoney Creek City	276,553	311,588	12.7	276,553	311,588	12.7
Ancaster Town	525,414	486,022	-7.5	525,414	486,022	-7.5
Dundas Town	328,844	355,003	8.0	328,844	355,003	8.0
Flamborough	400,068	400,988	0.2	400,068	400,988	0.2
Glanbrook	262,215	288,624	10.1	262,215	288,624	10.1

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											
Q1 2006	0	0.0	32	9.7	93	28.2	70	21.2	135	40.9	330
Q1 2005	3	0.9	68	20.4	92	27.5	67	20.1	104	31.1	334
YTD 2006	0	0.0	32	9.7	93	28.2	70	21.2	135	40.9	330
YTD 2005	3	0.9	68	20.4	92	27.5	67	20.1	104	31.1	334
New City of Hamilton											
Q1 2006	0	0.0	30	12.6	83	34.9	56	23.5	69	29.0	238
Q1 2005	3	1.4	65	30.7	44	20.8	33	15.6	67	31.6	212
YTD 2006	0	0.0	30	12.6	83	34.9	56	23.5	69	29.0	238
YTD 2005	3	1.4	65	30.7	44	20.8	33	15.6	67	31.6	212
Burlington City											
Q1 2006	0	0.0	1	1.3	7	8.9	8	10.1	63	79.7	79
Q1 2005	0	0.0	1	1.0	37	35.2	33	31.4	34	32.4	105
YTD 2006	0	0.0	1	1.3	7	8.9	8	10.1	63	79.7	79
YTD 2005	0	0.0	1	1.0	37	35.2	33	31.4	34	32.4	105
Grimsby Town											
Q1 2006	0	0.0	1	7.7	3	23.1	6	46.2	3	23.1	13
Q1 2005	0	0.0	2	11.8	11	64.7	1	5.9	3	17.6	17
YTD 2006	0	0.0	1	7.7	3	23.1	6	46.2	3	23.1	13
YTD 2005	0	0.0	2	11.8	11	64.7	1	5.9	3	17.6	17
Hamilton City											
Q1 2006	0	0.0	13	18.6	25	35.7	23	32.9	9	12.9	70
Q1 2005	3	5.5	24	43.6	17	30.9	8	14.5	3	5.5	55
YTD 2006	0	0.0	13	18.6	25	35.7	23	32.9	9	12.9	70
YTD 2005	3	5.5	24	43.6	17	30.9	8	14.5	3	5.5	55
Stoney Creek City											
Q1 2006	0	0.0	5	15.6	14	43.8	6	18.8	7	21.9	32
Q1 2005	0	0.0	17	39.5	15	34.9	7	16.3	4	9.3	43
YTD 2006	0	0.0	5	15.6	14	43.8	6	18.8	7	21.9	32
YTD 2005	0	0.0	17	39.5	15	34.9	7	16.3	4	9.3	43
Ancaster Town											
Q1 2006	0	0.0	0	0.0	2	5.1	4	10.3	33	84.6	39
Q1 2005	0	0.0	0	0.0	0	0.0	10	20.0	40	80.0	50
YTD 2006	0	0.0	0	0.0	2	5.1	4	10.3	33	84.6	39
YTD 2005	0	0.0	0	0.0	0	0.0	10	20.0	40	80.0	50
Dundas Town											
Q1 2006	0	0.0	0	0.0	3	23.1	2	15.4	8	61.5	13
Q1 2005	0	0.0	0	0.0	3	33.3	2	22.2	4	44.4	9
YTD 2006	0	0.0	0	0.0	3	23.1	2	15.4	8	61.5	13
YTD 2005	0	0.0	0	0.0	3	33.3	2	22.2	4	44.4	9
Flamborough											
Q1 2006	0	0.0	2	12.5	2	12.5	2	12.5	10	62.5	16
Q1 2005	0	0.0	1	4.5	3	13.6	5	22.7	13	59.1	22
YTD 2006	0	0.0	2	12.5	2	12.5	2	12.5	10	62.5	16
YTD 2005	0	0.0	1	4.5	3	13.6	5	22.7	13	59.1	22
Glanbrook											
Q1 2006	0	0.0	10	14.7	37	54.4	19	27.9	2	2.9	68
Q1 2005	0	0.0	23	69.7	6	18.2	1	3.0	3	9.1	33
YTD 2006	0	0.0	10	14.7	37	54.4	19	27.9	2	2.9	68
YTD 2005	0	0.0	23	69.7	6	18.2	1	3.0	3	9.1	33

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
2005	January	715	-5.7	12,900	1,238	16,400	78.8	219,098	6.6	220,635
	February	995	4.1	12,900	1,348	16,900	76.0	219,874	5.8	218,832
	March	1,236	-11.3	12,600	1,636	16,600	75.9	227,663	4.4	229,380
	April	1,292	-11.1	12,700	1,783	18,000	70.4	226,284	4.2	223,811
	May	1,420	5.9	13,600	1,910	18,300	74.4	232,107	7.4	229,664
	June	1,445	5.2	14,100	1,797	17,900	78.8	238,333	7.4	227,047
	July	1,181	-2.4	13,300	1,430	17,300	77.1	227,848	5.7	227,560
	August	1,293	15.5	14,400	1,593	18,800	76.4	225,976	8.1	230,120
	September	1,140	12.1	14,100	1,693	19,000	73.9	230,956	5.6	232,513
	October	1,100	12.2	14,400	1,463	18,700	76.8	234,555	7.5	235,067
	November	1,101	18.4	14,400	1,184	18,400	78.5	237,683	5.9	237,980
	December	647	0.5	13,500	571	15,500	87.2	230,557	8.5	242,192
2006	January	786	9.9	13,700	1,510	19,400	70.7	241,340	10.2	245,784
	February	1,149	15.5	14,500	1,531	19,300	75.2	242,647	10.4	244,877
	March	1,358	9.9	14,100	1,919	19,800	71.0	251,357	10.4	250,544
	April									
	May									
	June									
	July									
	August									
	September									
	October									
	November									
	December									
QI 2005	2,946	-5.2	12,800	4,222	16,700	76.9	222,954	5.3	222,902	
QI 2006	3,293	11.8	14,100	4,960	19,500	72.3	245,927	10.3	247,057	
YTD 2005	2,946	-5.2		4,222			222,954	5.3		
YTD 2006	3,293	11.8		4,960			245,927	10.3		

	Annual Sales	Yr/Yr %		Annual New Listings	Yr/Yr %		Annual Average Price (\$)	Yr/Yr %	
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		215,922	9.2	
2005	13,565	3.0		17,646	2.5		229,753	6.4	

Source: Canadian Real Estate Association

Table 6: Economic Indicators

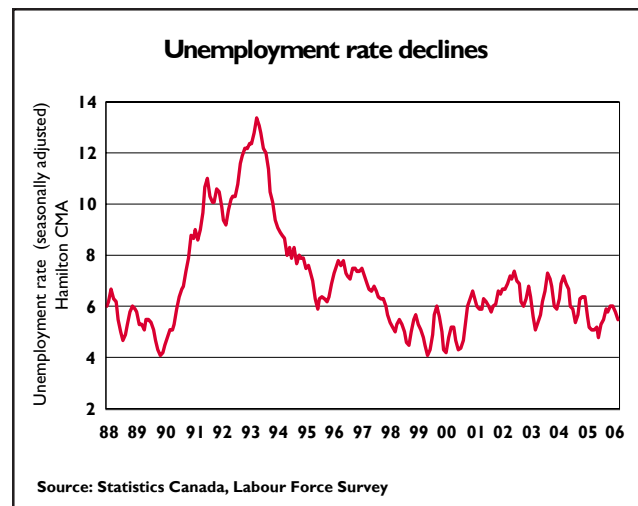
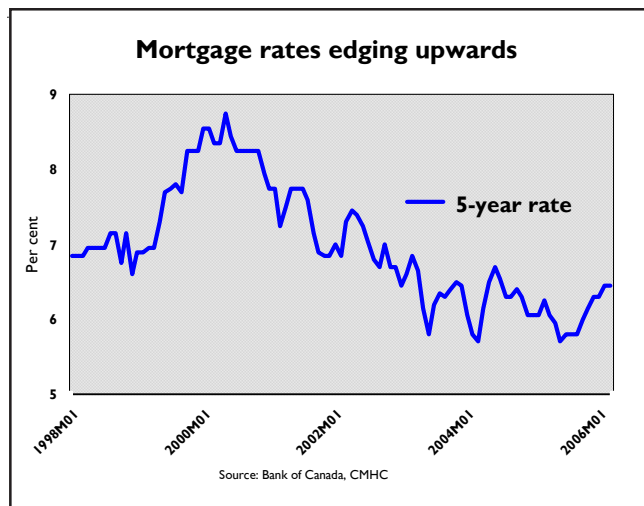
	Interest and Exchange Rates				Inflation Rate (%)	NHI*** % chg	Hamilton CMA Labour Market			
	P & I*	Mortgage Rate (%)		Exch. Rate	Ontario	Hamilton CMA	Employment	Employment	Unemployment	
	Per \$100,000	1 Yr. Term	5 Yr. Term	(\$US/\$Cdn)	1996=100	1997=100	SA** (,000)	SA m/m (%)	Rate (%) SA	
2005	January	642.78	4.8	6.1	0.806	1.6	6.7	363.6	-1.5	6.1
	February	642.78	4.8	6.1	0.811	2.2	6.3	365.4	0.5	5.3
	March	654.74	5.1	6.3	0.827	2.3	7.1	357.7	-2.1	5.1
	April	642.78	4.9	6.1	0.795	2.3	7.1	360.6	0.8	5.2
	May	636.84	4.9	6.0	0.797	1.5	6.5	362.0	0.4	5.2
	June	622.08	4.8	5.7	0.816	1.9	5.4	366.5	1.2	5.3
	July	627.97	4.9	5.8	0.817	1.9	5.6	365.8	-0.2	5.0
	August	627.97	5.0	5.8	0.842	2.7	5.5	364.7	-0.3	5.4
	September	627.97	5.0	5.8	0.860	3.3	5.0	365.2	0.1	5.7
	October	639.81	5.3	6.0	0.847	2.5	5.1	366.3	0.3	6.0
	November	648.75	5.6	6.2	0.857	2.0	3.5	368.9	0.7	5.9
	December	657.75	5.8	6.3	0.860	2.1	4.5	371.3	0.7	6.0
2006	January	657.75	5.8	6.3	0.878	3.0	5.1	374.9	1.0	6.0
	February	666.80	5.9	6.5	0.880	2.0	4.9	376.8	0.5	5.8
	March	666.80	6.1	6.5	0.856	2.3		377.5	0.2	5.5
	April									
	May									
	June									
	July									
	August									
	September									
	October									
	November									
	December									

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

** Seasonally Adjusted

*** New Housing Price Index

Source: CMHC, Statistics Canada Labour Force Survey



Definitions

1. Starts: refers to units where construction has advanced to a stage where full (100%) footings are in place. For multiple dwellings (semi-detached, row housing and apartments) the definition of a start applies to the structure or block of row units rather than to the project as a whole.

2. Under Construction: those units which have been started but which are not complete.

3. Completions - Single-detached/semi-detached units: this generally is the stage at which all proposed construction work is complete. A unit may be completed at the 90% stage where the remaining work is largely cosmetic. **Row housing/ Apartment:** completions means that 90% or more of the dwelling units within a block of row units or an apartment structure are completed and ready for occupancy

4. Completed and Not Absorbed: all completed units of new construction (excluding model homes not available for sale) which have never been sold or leased.

5. Absorptions: the number of completed units (excluding model homes) that have been sold or leased.

6. Seasonally Adjusted (SA): Actual monthly (or quarterly) figures adjusted to remove normal seasonal variation.

7. Seasonally Adjust Annual Rates (SAAR): Seasonally adjusted monthly figures multiplied by 12 (or quarterly figures multiplied by 4) to reflect annualized levels of activity..

8. Definitions for CMA, NHPI, CPI, and Inflation Rate can be found in the Statistics Canada website - <http://www.statcan.ca>

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