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### THUNDER BAY HOME STARTS DIP, SUDBURY UP

Demand for new single-detached homes in Thunder Bay Census Metropolitan Area (CMA) has subsided. The resale market is satisfying detached home demand and employment growth is not generating sufficient additional demand to warrant more new homes.

Single-detached starts represent the bulk of the new housing activity in the North. The 50 single home starts in the fourth quarter were 25.4 per cent behind the previous year's fourth quarter, but nearly on par with the five-year fourth-quarter-average.

Total starts in Thunder Bay for 2005 trailed 2004 by 25.7 per cent.

### fourth Quarter 2005

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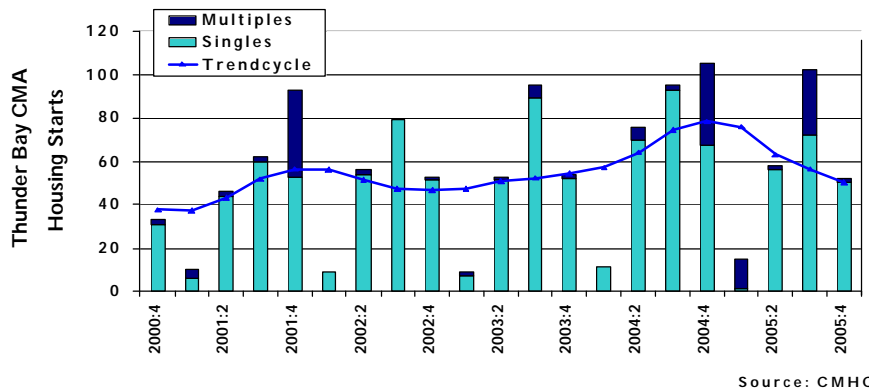
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Within the city limits, McIntyre ward had the most starts in 2005 with 52, followed by Red River ward with 43 and Neebing with 42 single-detached starts. Outside the city limits, starts fell to 29 units, down from 50 last year. This accounted for 16 per cent of the CMA activity.

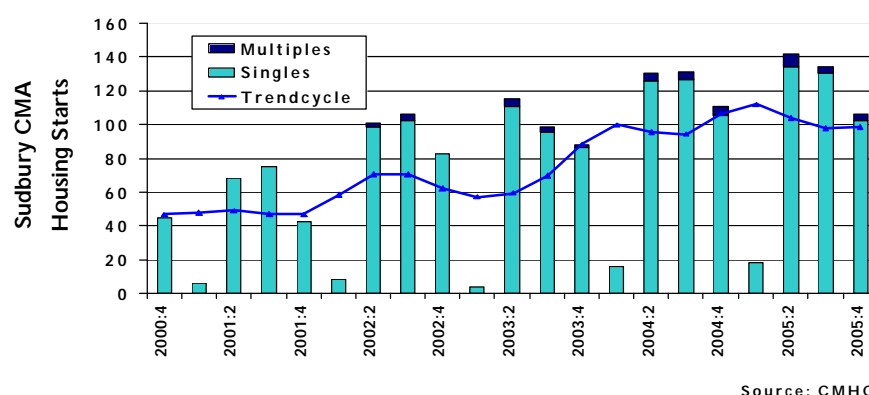
In Greater Sudbury, single-detached housing starts rose for the sixth straight year. A reasonably strong mining sector and low mortgage rates helped buoy the market for new construction. Limited availability of resale homes in move-up price ranges is enhancing conditions for building single-family homes. Migration to Sudbury has become a more important housing demand factor with most in-migrants coming from the hinterlands of Northeastern Ontario.

The bulk of the Greater Sudbury singles starts were in Sudbury City (154) but 90 were started in Valley East and 52 in Nickel Centre. Walden and Rayside-Balfour saw 42 and 38 respectively.

### Thunder Bay Starts Soften



### Strong Sudbury Starts



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In addition to Greater Sudbury, the other three largest centres in the Northeast are receiving in-migrants. North Bay and Sault Ste. Marie made noteworthy gains in housing starts in 2005. In North Bay, a medium density waterfront housing development kicked off in the fourth quarter. Single-detached starts reached their highest level since 1991. Sault Ste. Marie home construction activity tailed off in the fourth quarter but single-detached starts recorded their second highest level in the last eight years. Lastly, Timmins' starts nearly doubled to 34 units, the highest number of single-detached units built since 1999.

Multiple family starts in 2005 were negligible in Northern Ontario with

the above-noted exception in North Bay.

Vacancy rates for the four centres in the Northeast fell in 2005 which may prompt some interest in constructing rental housing in 2006.

Average prices for absorbed new single-detached units. In Thunder Bay, Sudbury, Sault Ste. Marie, and North Bay are found in Table 3. Average prices for the quarter and for 2005 are over \$200,000 in three of these markets, with Sault Ste. Marie's average absorbed single-detached housing price just shy of \$197,000.

Rising construction costs and demand for larger units with more amenities are contributing to this upward shift in price ranges. Table 4 presents new construction

absorption information by volume and by price range. The \$200,000 plus price range is the most popular in Sudbury, Sault Ste. Marie, Thunder Bay and North Bay while the \$150,000 to \$199,999 range is second most common.

## Northern Ontario Resale Markets

### Sudbury: *Tight*

Sudbury's resale market remains in a seller's state. Sub-district analysis of the Greater Sudbury resale market confirmed widespread strength in housing market indicators. Strength in nickel prices, improved demographics and a broadening economic base are sustaining demand in both the resale market and new residential construction market.

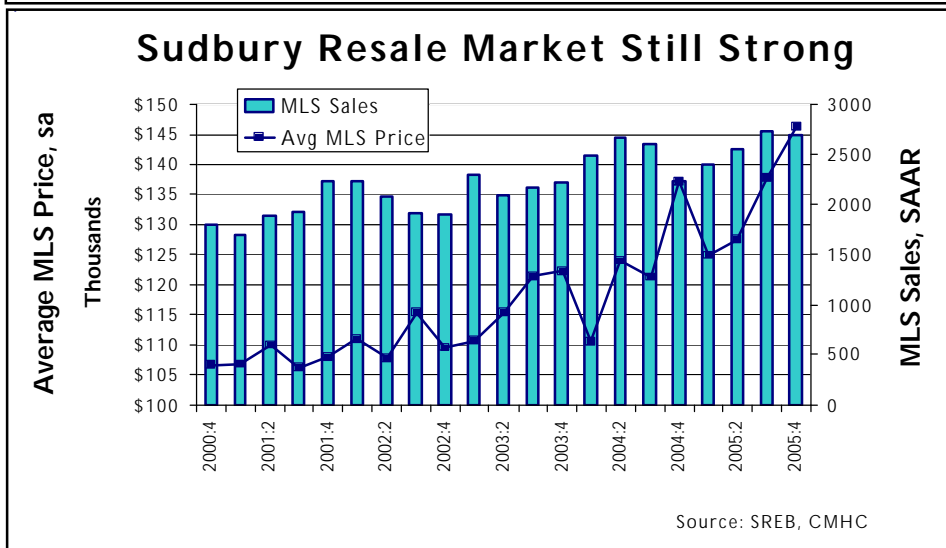
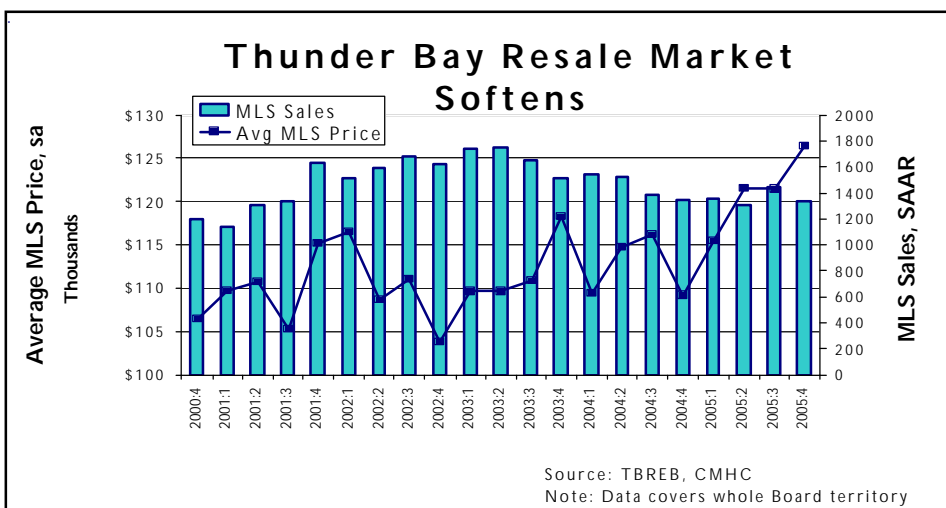
Greater Sudbury's 523 sales in the fourth quarter of 2005 were the strongest ever recorded. Annual 2005 Sudbury sales broke the 2004 record rising to 2,593, up from 2,500 last year.

Average prices jumped 9.4 per cent for the year. Fourth quarter prices cooled somewhat after an extremely hot third quarter.

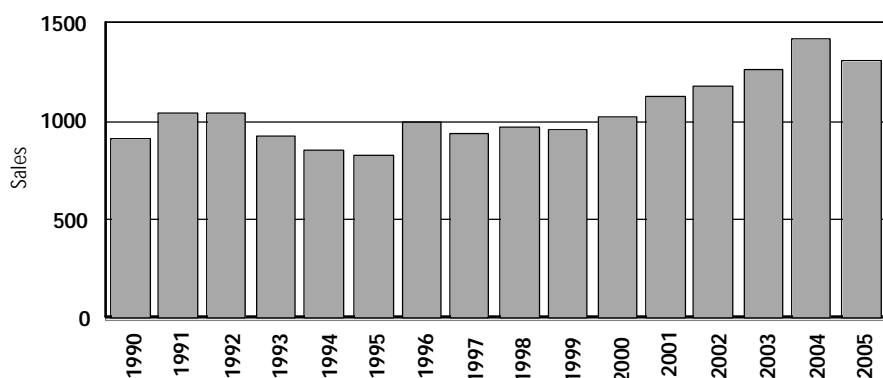
### Thunder Bay: *Balanced*

According to Canadian Real Estate Association data, Thunder Bay sales slipped for the second consecutive year.

Average prices were surprisingly strong in the fourth quarter, up 10.1 per cent to \$117,883 compared to the fourth quarter of 2004. Slightly improving employment levels and lower demand support a continued balanced market classification in Thunder Bay.



### North Bay Sales Lower This Year



Source: MLS® Sales from the North Bay Real Estate Board.

\* MLS® is a registered trademark of the Canadian Real Estate Association.

### North Bay Sales Dip

After establishing a record for resales in 2004, the North Bay market slowed slightly 2005. Sales fell 7.8 per cent from last year. The 228 sales in the fourth quarter were four per cent off last year's fourth quarter. New listings remain an issue in North Bay. With demand being still relatively strong and supply not having responded or risen, prices are up 6.7 per cent over 2004.

Table 1A: Housing Activity Summary for Thunder Bay CMA

	OWNERSHIP					RENTAL		GRAND **TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
<b>STARTS</b>								
Q4 2005	50	2	0	0	0	0	0	52
Q4 2004	67	2	5	0	31	0	0	105
% Change	-25.4	0.0	-100.0	NA	-100.0	NA	NA	-50.5
Year-to-date 2005	179	4	0	0	44	0	0	227
Year-to-date 2004	241	10	5	0	31	0	0	287
% Change	-25.7	-60.0	-100.0	NA	41.9	NA	NA	-20.9
<b>UNDER CONSTRUCTION</b>								
December 2005	89	4	5	0	30	0	14	142
December 2004	121	6	5	0	31	0	0	163
<b>COMPLETIONS</b>								
Q4 2005	74	0	0	0	32	0	0	106
Q4 2004	85	0	0	0	0	0	0	85
% Change	-12.9	NA	NA	NA	NA	NA	NA	24.7
Year-to-date 2005	211	6	0	0	32	0	0	249
Year-to-date 2004	217	6	0	0	0	0	0	223
% Change	-2.8	0.0	NA	NA	NA	NA	NA	11.7
<b>COMPLETE &amp; NOT ABSORBED</b>								
December 2005	1	0	0	0	5	0	0	6
December 2004	3	0	0	0	0	0	0	3
<b>ABSORPTIONS</b>								
Q4 2005	74	0	0	0	27	0	0	101
Q4 2004	86	0	0	0	0	0	0	86
% Change	-14.0	NA	NA	NA	NA	NA	NA	17.4
Year-to-date 2005	213	6	0	0	27	0	0	246
Year-to-date 2004	216	7	0	0	0	0	6	223
% Change	-1.4	-14.3	NA	NA	NA	NA	-100.0	10.3

\*Includes all market types

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

Source: CMHC

Table 1B: Housing Activity Summary for Sudbury CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	SINGLE	SEMI	ROW	ROW	APT			
<b>STARTS</b>								
Q4 2005	102	4	0	0	0	0	0	106
Q4 2004	105	2	0	0	0	4	0	111
% Change	-2.9	100.0	NA	NA	NA	-100.0	NA	-4.5
Year-to-date 2005	384	12	4	0	0	0	0	400
Year-to-date 2004	374	10	0	0	0	4	0	388
% Change	2.7	20.0	NA	NA	NA	-100.0	NA	3.1
<b>UNDER CONSTRUCTION</b>								
December 2005	134	10	0	0	0	4	0	148
December 2004	129	4	0	0	0	4	0	137
<b>COMPLETIONS</b>								
Q4 2005	120	2	0	0	0	0	0	122
Q4 2004	127	4	0	0	0	0	0	131
% Change	-5.5	-50.0	NA	NA	NA	NA	NA	-6.9
Year-to-date 2005	378	6	0	0	0	4	0	388
Year-to-date 2004	338	6	0	0	0	0	0	344
% Change	11.8	0.0	NA	NA	NA	NA	NA	12.8
<b>COMPLETE &amp; NOT ABSORBED</b>								
December 2005	10	0	0	0	0	0	0	10
December 2004	8	0	0	0	0	0	0	8
<b>ABSORPTIONS</b>								
Q4 2005	127	2	0	0	0	0	0	129
Q4 2004	123	4	0	0	0	0	0	127
% Change	3.3	-50.0	NA	NA	NA	NA	NA	1.6
Year-to-date 2005	376	6	0	0	0	4	0	386
Year-to-date 2004	336	6	0	0	0	0	0	342
% Change	11.9	0.0	NA	NA	NA	NA	NA	12.9

\*Includes all market types

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

Source: CMHC

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

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q4 2004	Q4 2005	% change	Q4 2004	Q4 2005	% change	Q4 2004	Q4 2005	% change
North Bay	44	44	0.0	2	49	**	46	93	102.2
Sault Ste. Marie	31	20	-35.5	4	2	-50.0	35	22	-37.1
Timmins	7	7	0.0	0	0	NA	7	7	0.0
Elliot Lake	0	2	NA	0	0	NA	0	2	NA
Haileybury	3	9	200.0	0	0	NA	3	9	200.0
Kenora	18	14	-22.2	0	33	NA	18	47	161.1
Fort Frances	2	0	-100.0	0	0	NA	2	0	-100.0
Dryden	2	0	-100.0	0	0	NA	2	0	-100.0

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
North Bay	139	163	17.3	12	63	**	151	226	49.7
Sault Ste. Marie	109	101	-7.3	10	27	170.0	119	128	7.6
Timmins	20	34	70.0	0	0	NA	20	34	70.0
Elliot Lake	0	5	NA	0	0	NA	0	5	NA
Haileybury	13	29	123.1	0	0	NA	13	29	123.1
Kenora	34	23	-32.4	2	33	**	36	56	55.6
Fort Frances	5	3	-40.0	0	0	NA	5	3	-40.0
Dryden	8	6	-25.0	0	0	NA	8	6	-25.0

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

Sub Market Area	Q4 2004	Q4 2005	% Change	YTD 2004	YTD 2005	% Change
Sudbury	211,561	247,366	16.9	208,283	236,530	13.6
Thunder Bay	209,640	226,311	8.0	213,231	222,587	4.4
North Bay	237,044	236,651	-0.2	215,716	245,246	13.7
Sault Ste. Marie	186,393	197,414	5.9	185,009	197,251	6.6

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

AREA	PRICE RANGES						
	<\$149,999		\$150-\$199,999		\$200,000+		TOTAL
	Units	Share (%)	Units	Share (%)	Units	Share (%)	
<b>Sudbury CMA</b>							
Q4 2005	4	3.1	45	35.4	78	61.4	127
Q4 2004	15	12.2	65	52.8	43	35.0	123
YTD 2005	18	4.8	138	36.7	220	58.5	376
YTD 2004	37	11.0	172	51.2	127	37.8	336
<b>Thunder Bay CMA</b>							
Q4 2005	1	1.4	25	33.8	48	64.9	74
Q4 2004	3	3.5	37	43.0	46	53.5	86
YTD 2005	9	4.2	69	32.4	135	63.4	213
YTD 2004	13	6.0	80	37.0	123	56.9	216
<b>Sault Ste. Marie CA</b>							
Q4 2005	5	17.2	11	37.9	13	44.8	29
Q4 2004	3	10.7	16	57.1	9	32.1	28
YTD 2005	14	13.1	44	41.1	49	45.8	107
YTD 2004	33	22.4	61	41.5	53	36.1	147
<b>North Bay CA</b>							
Q4 2005	0	0.0	14	28.6	35	71.4	49
Q4 2004	2	4.7	12	27.9	29	67.4	43
YTD 2005	1	0.8	31	23.8	98	75.4	130
YTD 2004	18	15.7	36	31.3	61	53.0	115

Source: CMHC

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

## Table 5: Resale Housing Activity for Northern Ontario

	Number of Sales	Yr/Yr %	Number of New Listings	Sales-to-New Listings	Average Price (\$)	Yr/Yr %
<b>Thunder Bay CMA</b>						
Q4 2004	261	-14.4	473	55.2	107,070	-4.3
Q4 2005	259	-0.8	493	52.5	124,433	16.2
YTD 2004	1,447	-12.9	2,616		112,405	0.4
YTD 2005	1,358	-6.2	2,788		121,183	7.8
<b>Sudbury CMA</b>						
Q4 2004	437	3.1	640	68.3	127,281	0.1
Q4 2005	523	19.7	726	72.0	133,955	5.2
YTD 2004	2,500	14.1	3,906		122,866	4.7
YTD 2005	2,593	3.7	3,993		134,440	9.4
<b>Sault Ste Marie CA</b>						
Q4 2004	216	24.9	306	70.6	94,870	7.3
Q4 2005	278	28.7	332	83.7	92,875	-2.1
YTD 2004	1,095	14.2	1,858		96,308	2.6
YTD 2005	1,292	18.0	2,162		96,303	0.0
<b>North Bay CA</b>						
Q4 2004	238	8.7	289	82.4	132,210	3.9
Q4 2005	228	-4.2	288	79.2	146,143	10.5
YTD 2004	1,427	12.6	1,956		136,831	7.6
YTD 2005	1,316	-7.8	1,975		146,066	6.7
<b>Timmins CA</b>						
Q4 2004	207	31.0	283	73.1	92,215	9.9
Q4 2005	192	-7.2	272	70.6	90,524	-1.8
YTD 2004	1,068	25.9	1,893		88,101	5.1
YTD 2005	972	-9.0	1,710		88,224	0.1

Source: Canadian Real Estate Association

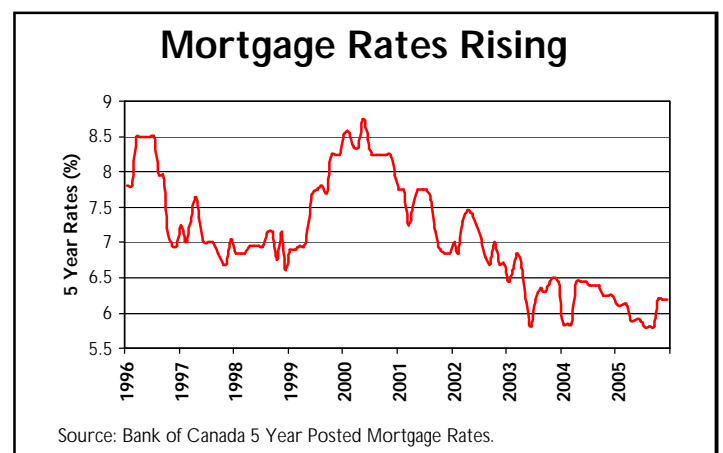
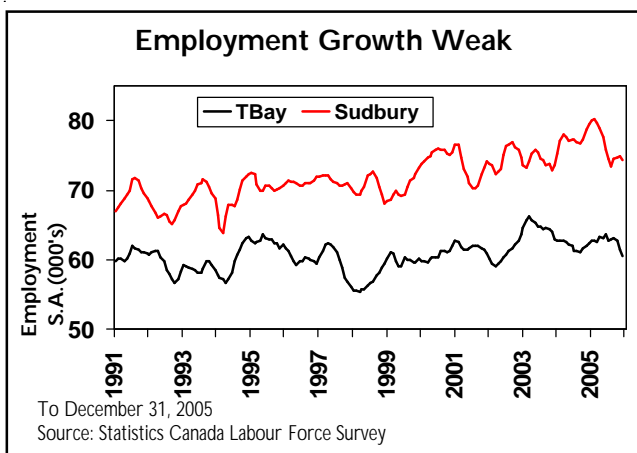
Table 6: Economic Indicators

	Interest and Exchange Rates				Inflation Rate (%)	Thunder Bay Labour Market		Sudbury Labour Market	
	P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)		Ontario 1996=100	Employment SA** (,000)	Unemployment Rate (%) SA	Employment SA** (,000)
		1 Yr. Term	5 Yr. Term						
2004 January	642.78	4.3	6.1%	0.755	1.5	63.5	7.3	75.2	9.5
February	627.97	4.3	5.8%	0.749	0.8	63.5	7.7	76.9	8.7
March	622.08	4.3	5.7%	0.763	1.1	63.5	7.2	77.7	8.4
April	648.75	4.5	6.2	0.729	2.3	63.3	7.0	77.3	8.4
May	669.82	4.6	6.5	0.733	2.8	63.1	7.2	77.1	9.2
June	681.99	4.7	6.7	0.750	2.4	62.9	8.2	77.8	8.9
July	672.86	4.6	6.6	0.752	2.4	62.2	8.5	78.1	8.7
August	657.75	4.4	6.3	0.762	1.5	62.1	8.7	78.0	8.3
September	657.75	4.8	6.3	0.793	1.5	62.1	8.8	77.5	8.3
October	663.77	4.9	6.4	0.821	2.1	62.8	8.4	78.0	8.0
November	657.75	5.0	6.3	0.843	2.2	63.3	8.5	79.2	7.6
December	642.78	4.8	6.1	0.832	1.9	63.6	8.2	79.8	7.4
2005 January	642.78	4.8	6.1	0.806	1.6	64.0	8.2	80.0	7.9
February	642.78	4.8	6.1	0.811	2.2	64.1	7.9	79.9	7.9
March	654.74	5.1	6.3	0.827	2.3	63.8	7.7	79.0	8.0
April	642.78	4.9	6.1	0.795	2.3	64.6	7.6	78.4	7.4
May	636.84	4.9	6.0	0.797	1.5	64.5	7.3	77.4	7.4
June	622.08	4.8	5.7	0.816	1.9	65.0	7.7	76.2	7.5
July	627.97	4.9	5.8	0.817	1.9	64.2	7.5	75.1	8.2
August	627.97	5.0	5.8	0.842	2.7	64.3	7.2	74.3	8.4
September	627.97	5.0	5.8	0.860	3.3	64.0	6.6	74.9	8.3
October	639.81	5.3	6.0	0.847	2.5	63.7	6.5	75.0	7.6
November	648.75	5.6	6.2	0.857	2.0	62.7	6.4	75.2	7.5
December	657.75	5.80	6.30	0.86	2.13	62.30	6.30	74.80	7.30

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

\*\* Seasonally Adjusted

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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