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NEW HOME MARKET

Housing starts average in 2005

After reaching a 14-year high in 2004, home starts in the St. Catharines-Niagara Census Metropolitan Area (CMA) pulled back to their decade and a half average level in 2005. Housing starts decreased by 21 per cent to reach 1,412 homes.

Several factors have contributed to the slide in new home construction. On the demand side, more choice in the resale market pushed demand for new homes lower. Flat employment and income growth did little to add to demand. On the supply side, tighter land supply in many municipalities has limited develop-

ment of single-detached homes. Moderately higher inventories of newly completed and unabsorbed homes have deterred some builders from bringing more product to market.

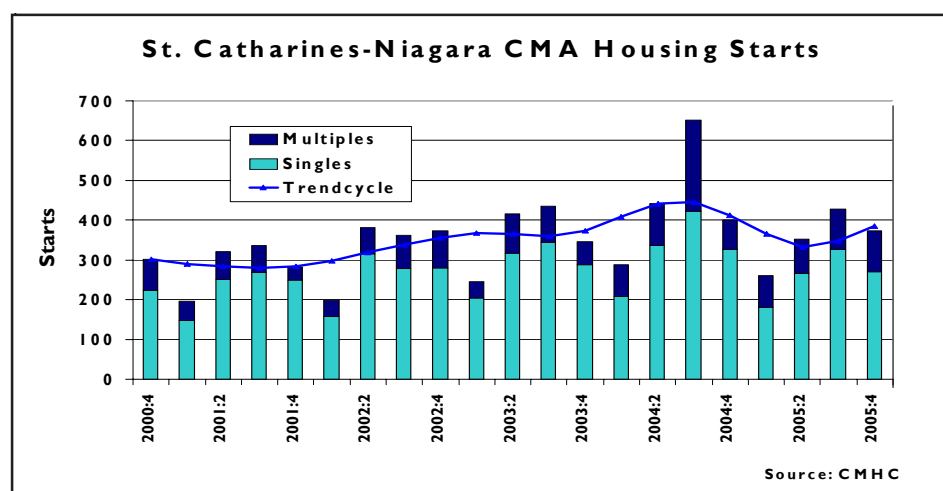
Mortgage rates remained low in 2005 and played a key role in sustaining demand for new homes. Strong in-migration into the CMA has also helped support housing demand.

Both single-detached and multiple family home starts moved lower in 2005. Single-detached starts fell by 19 per cent. Multiple family home

FOURTH QUARTER 2005

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starts, which include semi-detached homes, townhouses and apartments, decreased by 25 per cent, due to the sharp decline in rental starts.

Within the St. Catharines-Niagara CMA, construction activity was lower in all municipalities except Port Colborne. The City of St. Catharines experienced a 42 per cent drop in single-detached construction as the supply of residential lots for single-detached homes fell to less than two years.

The double digit price growth of new detached homes experienced

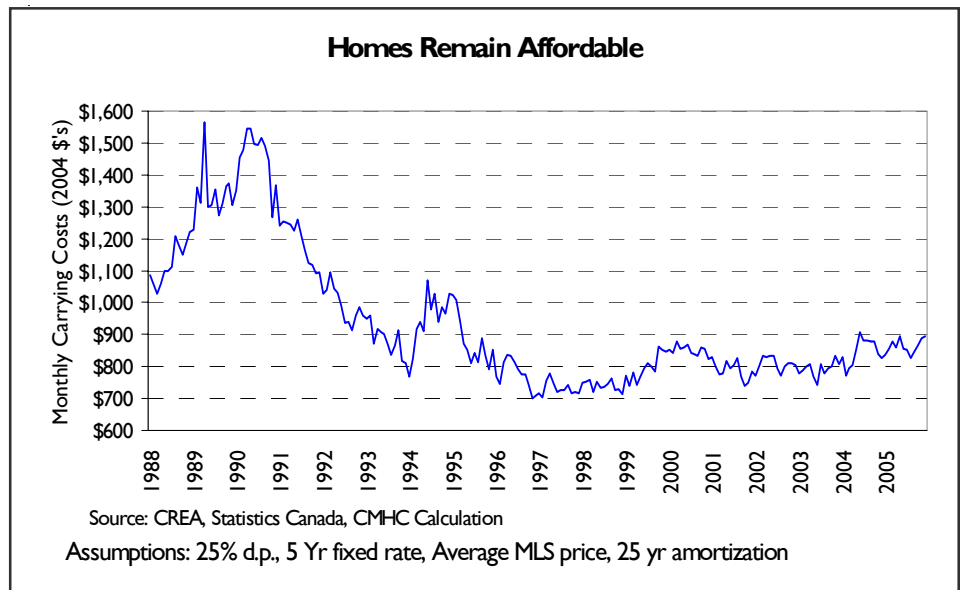
over the last two years slowed dramatically in 2005. The average price of new single-detached homes rose by only two per cent in 2005 to \$287,000. Home prices in Niagara-on-the-Lake were the highest in the CMA in 2004, but due to consumer pressure for less expensive homes, the average price declined by nearly nine per cent in 2005.

Fourth quarter starts in 2005, at 373 homes, remained respectable despite falling seven per cent from the same quarter in 2004. Single-detached starts declined 17 per cent, while multiple family starts rebounded, rising 41 per cent due to the increase in freehold townhouse construction.

RESALE HOME MARKET

Strong resales in 2005

The resale home market in the St. Catharines-Niagara CMA had another very strong year in 2005. A total of 6,715 homes exchanged hands in 2005, virtually unchanged from the 15-year high of 6,723 homes sold in 2004. Demand for resale homes was driven by low mortgage rates, strong consumer confidence, positive in-migration and



the lower prices of resale homes when compared to new homes.

More choice in the resale home market also contributed to the strong sales numbers. Although the number of newly listed homes increased by eight per cent in 2005, new listings remain near historical lows. New listings are trending higher as rising home prices encourage many homeowners to list their homes.

Strong existing home sales and low levels of new listings resulted in the tight market conditions in 2005. The sales-to-new listings ratio, a leading

indicator of price growth and a measure of market state, was slightly lower in 2005 at 61.6 per cent. A sales-to-new listings ratio above 55 per cent is an indicator of a sellers' market. The tight resale home market over the past four years in the CMA is pushing home prices higher. Price increases continue to outpace the general rate of inflation. The average price of a resale home increased by more than seven per cent in 2005 to reach \$182,605.

On a sub-market basis, all three resale markets, St. Catharines, Niagara Falls-Fort Erie, and Welland remain in sellers' territory. Resale home prices in all three districts moved higher in 2005. St. Catharines and Niagara Falls-Fort Erie districts saw resale home price growth in the past year of nine and eight per cent respectively, while Welland price growth lagged well behind at two per cent.

Homes resales remained at strong levels in the fourth quarter, but after adjusting for seasonal variation, existing home sales slipped by two per cent from the third quarter. Unadjusted home resales in the fourth quarter of 2005 were down five per cent from the same quarter in 2004.

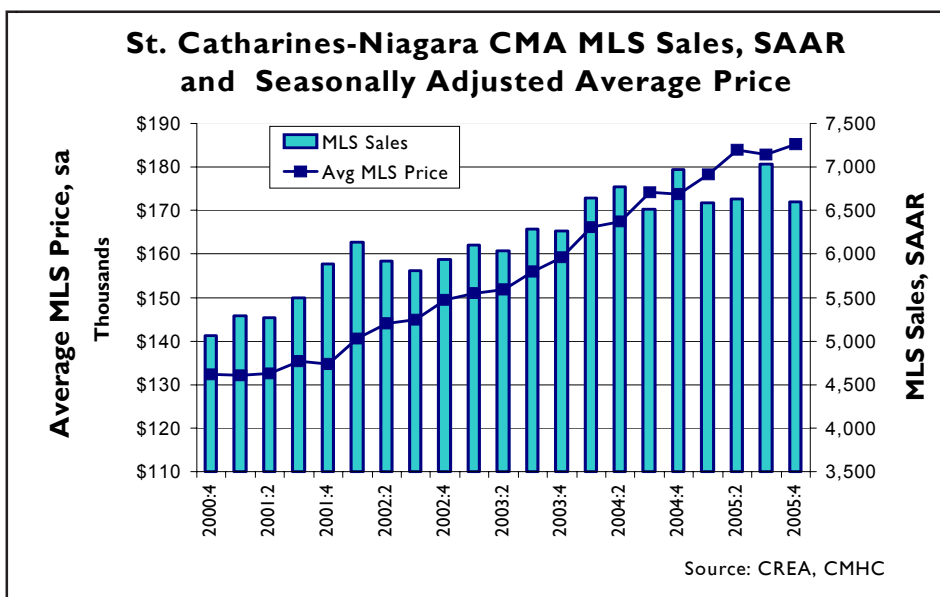


Table I: Housing Activity Summary for St. Catharines-Niagara CMA

	OWNERSHIP					RENTAL		GRAND **TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
STARTS								
Q4 2005	270	12	69	20	0	0	2	373
Q4 2004	327	22	21	30	0	0	0	400
% Change	-17.4	-45.5	**	-33.3	NA	NA	NA	-6.8
Year-to-date 2005	1,043	76	218	59	0	11	5	1,412
Year-to-date 2004	1,292	82	176	96	0	19	116	1,781
% Change	-19.3	-7.3	23.9	-38.5	NA	-42.1	-95.7	-20.7
UNDER CONSTRUCTION								
December 2005	474	34	197	84	0	11	2	802
December 2004	564	46	136	152	0	4	111	1,013
COMPLETIONS								
Q4 2005	286	22	32	34	0	0	103	477
Q4 2004	382	16	41	10	0	9	0	458
% Change	-25.1	37.5	-22.0	**	NA	-100.0	NA	4.1
Year-to-date 2005	1,129	90	157	127	0	4	114	1,621
Year-to-date 2004	1,197	66	154	78	0	16	5	1,516
% Change	-5.7	36.4	1.9	62.8	NA	-75.0	**	6.9
COMPLETE & NOT ABSORBED								
December 2005	100	14	19	7	0	0	18	158
December 2004	62	8	6	2	0	0	0	78
ABSORPTIONS								
Q4 2005	281	20	28	36	0	0	88	453
Q4 2004	368	14	44	14	0	9	0	449
% Change	-23.6	42.9	-36.4	157.1	NA	-100.0	NA	0.9
Year-to-date 2005	1,088	84	144	122	0	4	96	1,538
Year-to-date 2004	1,202	64	154	82	0	16	5	1,523
% Change	-9.5	31.3	-6.5	48.8	NA	-75.0	**	1.0

*Includes all market types

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

Source: CMHC

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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
St. Catharines-Niagara CMA	327	270	-17.4	73	103	41.1	400	373	-6.8
St. Catharines City	57	59	3.5	10	56	**	67	115	71.6
Niagara Falls	79	51	-35.4	11	19	72.7	90	70	-22.2
Welland	43	44	2.3	0	8	NA	43	52	20.9
Lincoln Town	18	21	16.7	8	2	-75.0	26	23	-11.5
Fort Erie	31	33	6.5	2	0	NA	33	33	0.0
Niagara-on-the-Lake	43	27	-37.2	32	9	-71.9	75	36	-52.0
Pelham	24	13	-45.8	0	0	NA	24	13	-45.8
Port Colborne City	7	8	14.3	7	7	0.0	14	15	7.1
Thorold City	19	10	-47.4	3	2	-33.3	22	12	-45.5
Wainfleet TWP.	6	4	-33.3	0	0	NA	6	4	-33.3

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
St. Catharines-Niagara CMA	1,292	1,043	-19.3	489	369	-24.5	1,781	1,412	-20.7
St. Catharines City	243	142	-41.6	207	147	-29.0	450	289	-35.8
Niagara Falls	297	240	-19.2	34	50	47.1	331	290	-12.4
Welland	165	161	-2.4	49	18	-63.3	214	179	-16.4
Lincoln Town	76	74	-2.6	69	25	-63.8	145	99	-31.7
Fort Erie	138	132	-4.3	7	5	-28.6	145	137	-5.5
Niagara-on-the-Lake	151	126	-16.6	82	80	-2.4	233	206	-11.6
Pelham	89	72	-19.1	5	4	-20.0	94	76	-19.1
Port Colborne City	30	33	10.0	13	21	61.5	43	54	25.6
Thorold City	80	46	-42.5	23	19	-17.4	103	65	-36.9
Wainfleet TWP.	23	17	-26.1	0	0	NA	23	17	-26.1

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

Sub Market Area	Q4 2004	Q4 2005	% Change	YTD 2004	YTD 2005	% Change
St. Catharines-Niagara CMA	279,964	294,140	5.1	281,537	287,068	2.0
St. Catharines City	274,333	293,031	6.8	268,464	285,807	6.5
Niagara Falls	276,048	302,560	9.6	277,857	276,819	-0.4
Welland	204,565	241,254	17.9	203,755	227,645	11.7
Lincoln Town	305,953	260,471	-14.9	304,429	304,448	0.0
Fort Erie	234,849	257,208	9.5	249,797	287,984	15.3
Niagara-on-the-Lake	424,926	369,825	-13.0	386,241	352,807	-8.7
Pelham	379,585	325,053	-14.4	354,736	357,787	0.9
Port Colborne City	241,528	279,600	15.8	258,945	235,520	-9.0
Thorold City	214,865	328,412	52.8	212,333	267,891	26.2
Wainfleet TWP.	296,667	NA	NA	319,988	303,076	-5.3

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													TOTAL
	<\$150,000		\$150,000-\$199,999		\$200,000-\$249,999		\$250,000-\$299,999		\$300,000-\$449,999		\$450,000+			
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)		
St. Catharines-Niagara CMA														
Q4 2005	7	2.5	39	13.9	61	21.8	58	20.7	94	33.6	21	7.5	280	
Q4 2004	16	4.3	67	18.2	83	22.6	76	20.7	108	29.3	18	4.9	368	
YTD 2005	31	2.9	148	13.6	263	24.2	256	23.6	330	30.4	59	5.4	1087	
YTD 2004	38	3.2	214	17.8	306	25.5	239	19.9	342	28.5	63	5.2	1202	
St. Catharines City														
Q4 2005	0	0.0	3	12.0	5	20.0	8	32.0	7	28.0	2	8.0	25	
Q4 2004	2	3.3	4	6.7	19	31.7	18	30.0	17	28.3	0	0.0	60	
YTD 2005	2	1.2	13	7.8	34	20.5	57	34.3	55	33.1	5	3.0	166	
YTD 2004	4	1.8	24	10.6	77	33.9	65	28.6	53	23.3	4	1.8	227	
Niagara Falls														
Q4 2005	0	0.0	2	2.5	32	40.5	18	22.8	17	21.5	10	12.7	79	
Q4 2004	2	2.3	3	3.4	35	39.8	29	33.0	14	15.9	5	5.7	88	
YTD 2005	0	0.0	21	8.2	104	40.5	59	23.0	55	21.4	18	7.0	257	
YTD 2004	3	1.0	28	9.7	111	38.4	77	26.6	53	18.3	17	5.9	289	
Welland														
Q4 2005	1	1.7	23	39.7	14	24.1	9	15.5	9	15.5	2	3.4	58	
Q4 2004	3	5.9	30	58.8	5	9.8	9	17.6	4	7.8	0	0.0	51	
YTD 2005	8	4.7	67	39.4	39	22.9	33	19.4	21	12.4	2	1.2	170	
YTD 2004	6	4.3	82	59.0	19	13.7	20	14.4	12	8.6	0	0.0	139	
Lincoln Town														
Q4 2005	0	0.0	2	28.6	1	14.3	2	28.6	2	28.6	0	0.0	7	
Q4 2004	0	0.0	2	10.5	4	21.1	5	26.3	6	31.6	2	10.5	19	
YTD 2005	0	0.0	3	4.8	23	37.1	13	21.0	19	30.6	4	6.5	62	
YTD 2004	1	1.4	6	8.7	22	31.9	12	17.4	22	31.9	6	8.7	69	
Fort Erie														
Q4 2005	6	18.2	4	12.1	4	12.1	9	27.3	9	27.3	1	3.0	33	
Q4 2004	4	10.5	13	34.2	8	21.1	4	10.5	9	23.7	0	0.0	38	
YTD 2005	17	14.4	21	17.8	28	23.7	27	22.9	22	18.6	3	2.5	118	
YTD 2004	14	11.3	40	32.3	32	25.8	12	9.7	20	16.1	6	4.8	124	
Niagara-on-the-Lake														
Q4 2005	0	0.0	0	0.0	1	2.5	5	12.5	31	77.5	3	7.5	40	
Q4 2004	0	0.0	0	0.0	0	0.0	0	0.0	34	87.2	5	12.8	39	
YTD 2005	0	0.0	0	0.0	6	4.7	30	23.4	81	63.3	11	8.6	128	
YTD 2004	0	0.0	0	0.0	9	5.9	20	13.1	108	70.6	16	10.5	153	
Pelham														
Q4 2005	0	0.0	0	0.0	4	19.0	3	14.3	13	61.9	1	4.8	21	
Q4 2004	0	0.0	0	0.0	0	0.0	4	16.0	16	64.0	5	20.0	25	
YTD 2005	0	0.0	1	1.3	11	14.1	11	14.1	42	53.8	13	16.7	78	
YTD 2004	0	0.0	0	0.0	6	7.2	13	15.7	55	66.3	9	10.8	83	
Port Colborne City														
Q4 2005	0	0.0	4	66.7	0	0.0	1	16.7	0	0.0	1	16.7	6	
Q4 2004	3	16.7	3	16.7	5	27.8	2	11.1	4	22.2	1	5.6	18	
YTD 2005	0	0.0	11	40.7	8	29.6	6	22.2	0	0.0	2	7.4	27	
YTD 2004	4	13.8	7	24.1	6	20.7	4	13.8	5	17.2	3	10.3	29	
Thorold City														
Q4 2005	0	0.0	1	11.1	0	0.0	2	22.2	5	55.6	1	11.1	9	
Q4 2004	2	7.4	11	40.7	7	25.9	5	18.5	2	7.4	0	0.0	27	
YTD 2005	4	6.8	11	18.6	9	15.3	12	20.3	22	37.3	1	1.7	59	
YTD 2004	6	8.5	26	36.6	23	32.4	12	16.9	4	5.6	0	0.0	71	
Wainfleet TWP.														
Q4 2005	0	0.0	0	0.0	0	0.0	1	50.0	1	50.0	0	0.0	2	
Q4 2004	0	0.0	1	33.3	0	0.0	0	0.0	2	66.7	0	0.0	3	
YTD 2005	0	0.0	0	0.0	1	4.5	8	36.4	13	59.1	0	0.0	22	
YTD 2004	0	0.0	1	5.6	1	5.6	4	22.2	10	55.6	2	11.1	18	

Table 5: Resale Housing Activity for St.Catharines-Niagara CMA

	Number of Sales	Yr/Yr %	Number of New Listings	Sales-to-New Listings	Average Price (\$)	Yr/Yr %
All districts						
Q4 2004	1,428	12.1	2,076	68.8	172,683	9.1
Q4 2005	1,358	-4.9	2,131	63.7	183,193	6.1
YTD 2004	6,723	8.9	10,064		170,425	10.3
YTD 2005	6,715	-0.1	10,909		182,605	7.1
St. Catharines district						
Q4 2004	649	3.7	932	69.6	190,085	10.2
Q4 2005	615	-5.2	947	64.9	199,822	5.1
YTD 2004	3,140	2.3	4,705		184,239	10.5
YTD 2005	3,051	-2.8	4,890		200,549	8.9
Niagara Falls-Fort Erie						
Q4 2004	447	17.0	642	69.6	165,882	14.7
Q4 2005	438	-2.0	678	64.6	176,434	6.4
YTD 2004	2,035	13.8	3,025		161,896	12.6
YTD 2005	2,114	3.9	3,391		175,584	8.5
Welland district						
Q4 2004	332	24.8	502	66.1	147,823	2.2
Q4 2005	305	-8.1	506	60.3	159,368	7.8
YTD 2004	1,548	17.5	2,334		153,617	9.2
YTD 2005	1,550	0.1	2,628		156,862	2.1
Historical Annual Data						
	Annual Sales	Yr/Yr %	Annual New Listings	Yr/Yr %	Annual Average Price (\$)	Yr/Yr %
1996	5,457	18.4	11,873	-0.9	114,072	-0.2
1997	5,509	1.0	11,154	-6.1	117,778	3.2
1998	5,794	5.2	11,354	1.8	121,981	3.6
1999	5,863	1.2	9,982	-12.1	126,155	3.4
2000	5,207	-11.2	9,310	-6.7	129,390	2.6
2001	5,488	5.4	9,221	-1.0	133,715	3.3
2002	5,951	8.4	8,828	-4.3	144,720	8.2
2003	6,174	3.7	9,270	5.0	154,559	6.8
2004	6,723	8.9	10,064	8.6	170,425	10.3
2005	6,715	-0.1	10,909	8.4	182,605	7.1

Source: Canadian Real Estate Association

Table 6: Economic Indicators

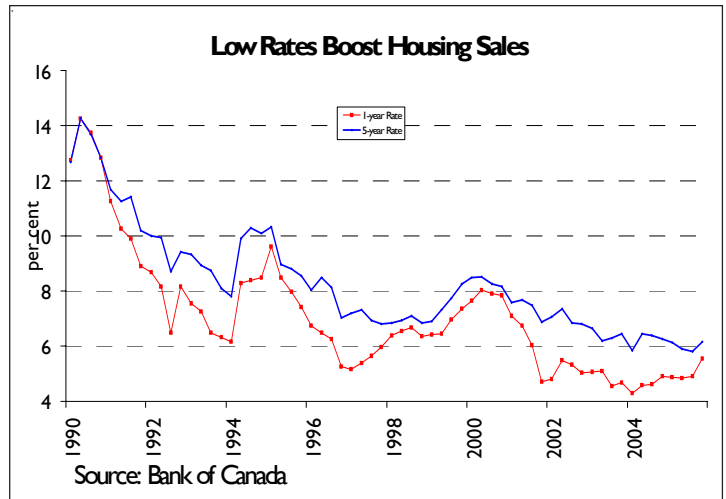
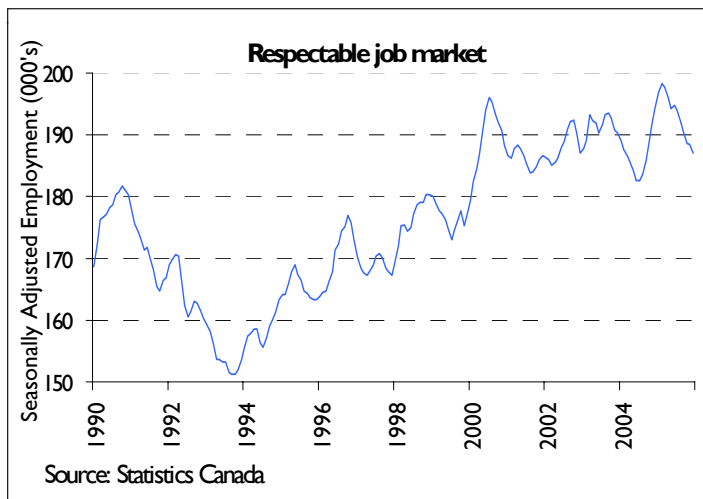
		Interest and Exchange Rates				Inflation Rate (%)	NHPI*** % chg.	St. Catharines-Niagara CMA Labour Market				
		P & I*	Mortgage Rate (%)		Exch. Rate			Ontario	St. Catharines-Niagara CMA	Employment	Employment	Unemployment
			Per \$100,000	1 Yr. Term								
2004	January	642.78	4.3	6.1	0.755	1.5	5.5	188.7	-0.9	7.0		
	February	627.97	4.3	5.8	0.749	0.8	6.1	187.0	-0.9	7.2		
	March	622.08	4.3	5.7	0.763	1.1	6.0	186.0	-0.5	7.7		
	April	648.75	4.5	6.2	0.729	2.3	6.7	185.3	-0.4	7.8		
	May	669.82	4.6	6.5	0.733	2.8	4.8	184.4	-0.5	7.8		
	June	681.99	4.7	6.7	0.750	2.4	6.9	183.0	-0.8	8.0		
	July	672.86	4.6	6.6	0.752	2.4	7.6	182.8	-0.1	7.9		
	August	657.75	4.4	6.3	0.762	1.5	7.1	184.2	0.8	7.7		
	September	657.75	4.8	6.3	0.793	1.5	8.1	186.3	1.1	7.1		
	October	663.77	4.9	6.4	0.821	2.1	7.9	189.0	1.4	6.7		
	November	657.75	5.0	6.3	0.843	2.2	6.8	191.8	1.5	6.5		
	December	642.78	4.8	6.1	0.832	1.9	8.9	194.2	1.3	6.6		
2005	January	642.78	4.8	6.1	0.806	1.6	9.3	196.3	1.1	6.4		
	February	642.78	4.8	6.1	0.811	2.2	8.5	197.3	0.5	6.0		
	March	654.74	5.1	6.3	0.827	2.3	9.2	196.8	-0.3	6.2		
	April	642.78	4.9	6.1	0.795	2.3	8.1	195.2	-0.8	7.0		
	May	636.84	4.9	6.0	0.797	1.5	9.6	193.7	-0.8	6.8		
	June	622.08	4.8	5.7	0.816	1.9	6.7	194.1	0.2	6.4		
	July	627.97	4.9	5.8	0.817	1.9	5.7	193.3	-0.4	6.6		
	August	627.97	5.0	5.8	0.842	2.7	5.6	191.6	-0.9	8.1		
	September	627.97	5.0	5.8	0.860	3.3	5.0	189.8	-0.9	8.4		
	October	639.81	5.3	6.0	0.847	2.5	5.5	188.4	-0.7	8.0		
	November	648.75	5.6	6.2	0.857	2.0	6.2	188.3	-0.1	7.1		
	December	657.75	5.8	6.3	0.860	2.1		187.0	-0.7	7.0		

*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>

Your Guide to Renting a Home – CMHC’s new, online guide for tenants, landlords, and property managers

CMHC is breaking new ground with the introduction of “Your Guide to Renting a Home”. A comprehensive rental guide, developed by the Research and Information Transfer team, this free, online tool launched this spring. It will help the estimated four million Canadian households in rental accommodation, as well as landlords and property managers, to find plain language information on tenant and landlord rights and rental practices across the country.

“Your Guide to Renting a Home” is located on the CMHC Web site at www.cmhc.ca. From the left-hand menu, you can select “Buying or Renting a Home” and click on “Renting a Home”.

Ontario’s 2005 Retirement Homes Report

Do you want to learn more about the dynamic private retirement home market in Ontario? The 2005 Retirement Homes Report has detailed Ontario-wide survey findings by market area covering vacancy rates and per diems by bed type, capture rates, new supply and vacancy rates by rent range for private beds as well as rent distributions. Order your copy today by calling **1-800-493-0059**.

