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Kitchener

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Canada Mortgage and Housing Corporation

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SECOND QUARTER 2005

New Homes

Strong First Quarter

Strong new home construction activity continued in the Kitchener CMA in the first quarter of 2005. New foundations were laid for 682 new houses. The number of starts was down 11 per cent in comparison to the same period last year. This was due in large part to poor weather conditions in February. Starts for January were at a similar level to last year and March starts were up 40 per cent.

A number of key factors were responsible for sustaining high demand in the new home market. Robust full-time job growth and historically low mortgage rates have resulted in strong overall demand in the ownership market. Limited choice in the area's tight resale market, has prompted many households to consider new homes.

New homes have remained in high demand relative to supply. Prices have risen steadily. In comparison to Q1 2004, the average price of a single-detached home rose by 14 per cent year-over-year to almost $274,000. The greatest increase was experienced in Cambridge City, where the average price rose by 28 per cent to $289,000. This above-average increase was partly due to the temporary shortage of buildable lots experienced over the last year.

High home prices have led to a marked shift in the type of new home being constructed. Many households have found it more and more difficult to comfortably purchase a new single-detached home. Many buyers have chosen to move into a multiple family dwelling, with townhomes representing the majority of these purchases.

First quarter ownership townhome starts amounted to 160 units (freehold and condominium) - double the number started in Q1 2004. In contrast, single-detached starts declined by 68 per cent to 329 over the same period. An increase in the number of completed but unoccupied single-detached units, and a decrease for townhomes, further suggests that demand is shifting to more affordable multiple family homes.

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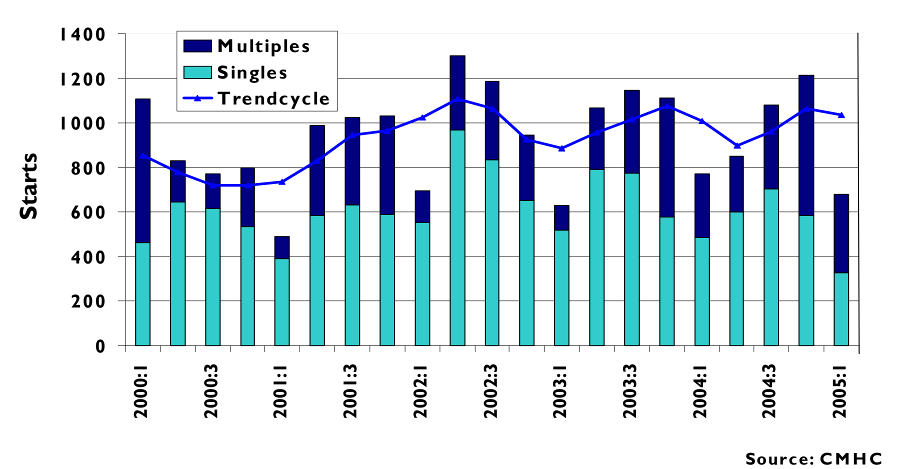
Kitchener CMA Housing Starts



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Canada

CMHC SCHL HOME TO CANADIANS

Demand Factors

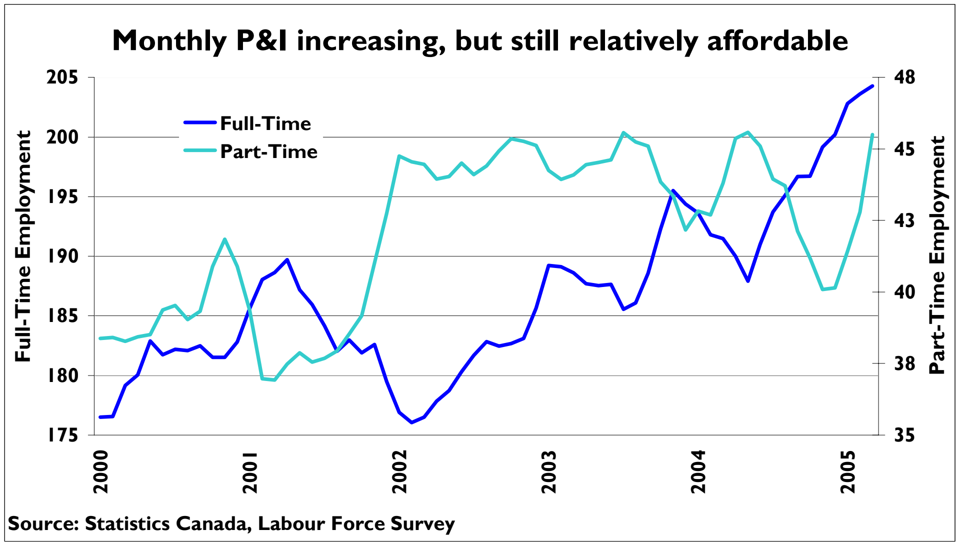
Fundamentals Remain in Place

Demand for housing, whether ownership or rental, is partly driven by employment. Regions experiencing strong job growth will attract in-migrants. These new in-migrants will require some form of housing.

Steady job creation has been the norm in the Kitchener CMA over the past five years. An average growth rate of 1.9 per cent was realized between 1999 and 2004.

Through 2004 and the first quarter of 2005 new full-time jobs have been the basis of this growth, increasing by almost six per cent compared to Q1 last year. Continued full-time job creation will be key in sustaining a strong housing market, especially as it relates to ownership. Households confident in their employment will also have confidence in purchasing and paying for a home over the long term.

Low mortgage rates have been a major driver of demand for ownership housing. Mortgage rates have been very low for over two years and remained at similar levels in the first quarter of this year. Not surprisingly, demand for homes in the resale and new home markets also remained strong. New migrants and first-time buyers continued to move into the ownership market.

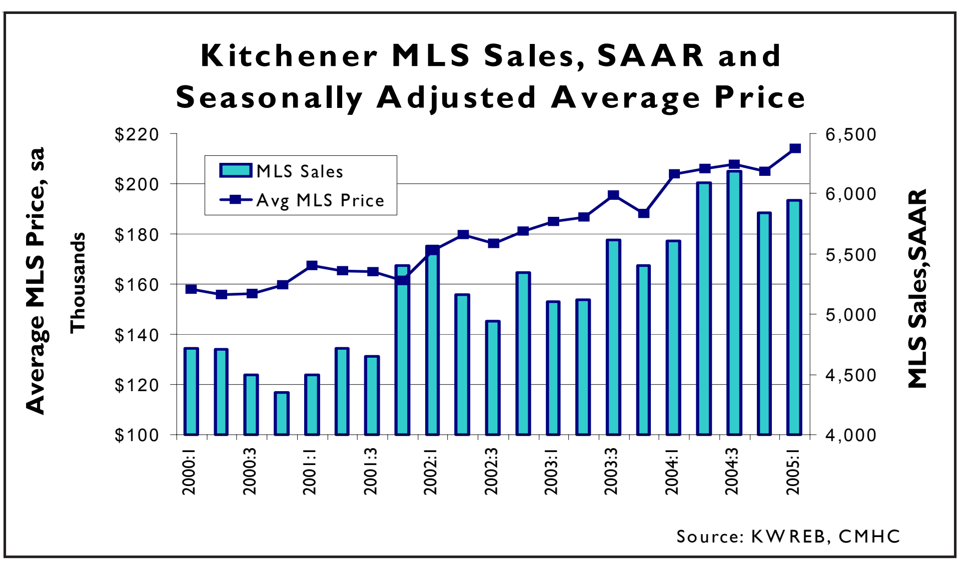


Resale Market

Record Levels Sustained

A robust local economy and low mortgage rates kept sales in the at record levels in the first quarter. Sales during the first three months of the year remained virtually unchanged relative to the same period last year. When corrected for seasonal variation, monthly sales, on an annualized basis, were trending above the 6,000 mark in March - slightly greater than last year's 5,931 total sales.

While demand for resale homes trended upward in Q1, the level of supply (new listings) trended downward on a seasonally-adjusted basis. This pushed the sales-to-new-listings ratio (SNLR) above 75 per cent in March. A SNLR at this level suggests that market conditions are very tight and prices will grow rapidly.



With very little supply to meet demand, a high level of competition was experienced for many homes. This resulted in a substantial year-over-year price increase of over eight per cent in Q1 - from an average of $197,824 last year to $214,475 this year. Based on the average posted three-year fixed rate mortgage amortized over 25 years with a 25 per cent down payment, the average monthly payment in Q1 equalled $988 on a seasonally adjusted basis. This represents a 3.7 per cent increase over the 2004 average, in real terms (corrected for inflation).

Rising prices and the affect on monthly payments have raised concerns regarding the affordability of home ownership. However, while the average monthly payment continued to trend upward in Q1, homes are still very affordable in the metropolitan area from a historical perspective. In terms of constant 2004 dollars, the average Q1 payment of $983 is only 50 per cent of that experienced in 1990, at the peak of the previous housing cycle.

As price increases, potential buyers may increasingly turn to houses priced below the average. These include non-detached units, such as townhomes and semis, which experienced a more affordable average price of $152,000 in Q1.

Table 1: Housing Activity Summary for Kitchener CMA

	OWNERSHIP					RENTAL		GRAND
	FREEHOLD			CONDOMINIUM				
	*SINGLE	*SEMI	ROW	ROW	APT	ROW	APT	**TOTAL
STARTS								
Q1 2005	329	10	127	33	0	8	175	682
Q1 2004	485	34	64	16	16	89	66	770
% Change	-32.2	-70.6	98.4	106.3	-100.0	-91.0	165.2	-11.4
Year-to-date 2005	329	10	127	33	0	8	175	682
Year-to-date 2004	485	34	64	16	16	89	66	770
% Change	-32.2	-70.6	98.4	106.3	-100.0	-91.0	165.2	-11.4
UNDER CONSTRUCTION								
March 2005	639	68	347	126	0	20	668	1,868
March 2004	780	60	266	32	16	292	632	2,078
COMPLETIONS								
Q1 2005	401	6	47	27	0	0	226	707
Q1 2004	443	18	149	4	0	0	481	1,095
% Change	-9.5	-66.7	-68.5	**	NA	NA	-53.0	-35.4
Year-to-date 2005	401	6	47	27	0	0	226	707
Year-to-date 2004	443	18	149	4	0	0	481	1,095
% Change	-9.5	-66.7	-68.5	**	NA	NA	-53.0	-35.4
COMPLETE & NOT ABSORBED								
March 2005	118	15	20	3	0	0	94	250
March 2004	86	6	59	5	0	12	117	285
ABSORPTIONS								
Q1 2005	364	8	49	27	0	0	204	652
Q1 2004	446	19	128	5	4	0	529	1,131
% Change	-18.4	-57.9	-61.7	**	-100.0	NA	-61.4	-42.4
Year-to-date 2005	364	8	49	27	0	0	204	652
Year-to-date 2004	446	19	128	5	4	0	529	1,131
% Change	-18.4	-57.9	-61.7	**	-100.0	NA	-61.4	-42.4

*Includes all market types

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

Source: CMHC

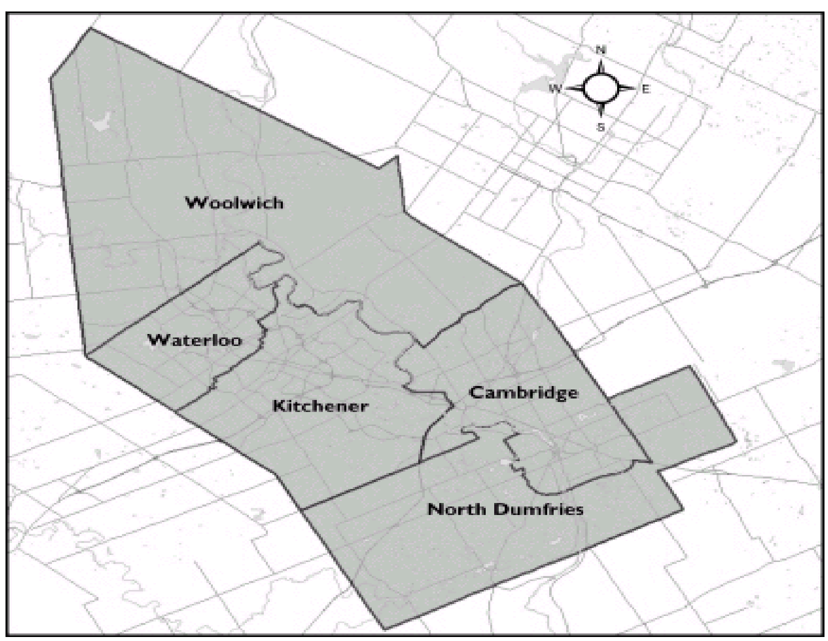


Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q1 2004	Q1 2005	% change	Q1 2004	Q1 2005	% change	Q1 2004	Q1 2005	% change
Kitchener CMA	485	329	-32.2	285	353	23.9	770	682	-11.4
Cambridge City	111	41	-63.1	14	47	235.7	125	88	-29.6
Kitchener City	221	188	-14.9	128	224	75.0	349	412	18.1
North Dumfries Township	2	4	100.0	0	0	NA	2	4	100.0
Waterloo City	122	86	-29.5	134	69	-48.5	256	155	-39.5
Woolwich Township	29	10	-65.5	9	13	44.4	38	23	-39.5

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
Kitchener CMA	485	329	-32.2	285	353	23.9	770	682	-11.4
Cambridge City	111	41	-63.1	14	47	235.7	125	88	-29.6
Kitchener City	221	188	-14.9	128	224	75.0	349	412	18.1
North Dumfries Township	2	4	100.0	0	0	NA	2	4	100.0
Waterloo City	122	86	-29.5	134	69	-48.5	256	155	-39.5
Woolwich Township	29	10	-65.5	9	13	44.4	38	23	-39.5

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

Sub Market Area	Q1 2004	Q1 2005	% Change	YTD 2004	YTD 2005	% Change
Kitchener CMA	240,864	273,614	13.6	240,864	273,614	13.6
Cambridge City	226,070	289,398	28.0	226,070	289,398	28.0
Kitchener City	250,845	260,441	3.8	250,845	260,441	3.8
North Dumfries Township	NA	355,595	NA	NA	355,595	NA
Waterloo City	243,853	276,081	13.2	243,853	276,081	13.2
Woolwich Township	284,713	307,281	7.9	284,713	307,281	7.9

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

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

AREA	<$150,000 Units	<$150,000 Share (%)	$150 -$174,999 Units	$150 -$174,999 Share (%)	$175-$249,999 Units	$175-$249,999 Share (%)	$250-$299,999 Units	$250-$299,999 Share (%)	$300,000+ Units	$300,000+ Share (%)	TOTAL
Kitchener CMA											
Q1 2005	0	0.0	5	1.4	165	45.3	88	24.2	106	29.1	364
Q1 2004	0	0.0	11	2.5	303	67.9	50	11.2	82	18.4	446
YTD 2005	0	0.0	5	1.4	165	45.3	88	24.2	106	29.1	364
YTD 2004	0	0.0	11	2.5	303	67.9	50	11.2	82	18.4	446
Cambridge City											
Q1 2005	0	0.0	0	0.0	20	28.2	22	31.0	29	40.8	71
Q1 2004	0	0.0	7	4.4	117	74.1	24	15.2	10	6.3	158
YTD 2005	0	0.0	0	0.0	20	28.2	22	31.0	29	40.8	71
YTD 2004	0	0.0	7	4.4	117	74.1	24	15.2	10	6.3	158
Kitchener City											
Q1 2005	0	0.0	2	1.1	107	57.8	35	18.9	41	22.2	185
Q1 2004	0	0.0	1	0.7	87	64.0	13	9.6	35	25.7	136
YTD 2005	0	0.0	2	1.1	107	57.8	35	18.9	41	22.2	185
YTD 2004	0	0.0	1	0.7	87	64.0	13	9.6	35	25.7	136
North Dumfries Township											
Q1 2005	0	0.0	0	0.0	0	0.0	1	33.3	2	66.7	3
Q1 2004	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	1
YTD 2005	0	0.0	0	0.0	0	0.0	1	33.3	2	66.7	3
YTD 2004	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	1
Waterloo City											
Q1 2005	0	0.0	3	3.8	31	39.2	20	25.3	25	31.6	79
Q1 2004	0	0.0	2	1.4	92	65.7	13	9.3	33	23.6	140
YTD 2005	0	0.0	3	3.8	31	39.2	20	25.3	25	31.6	79
YTD 2004	0	0.0	2	1.4	92	65.7	13	9.3	33	23.6	140
Woolwich Township											
Q1 2005	0	0.0	0	0.0	7	26.9	10	38.5	9	34.6	26
Q1 2004	0	0.0	1	9.1	7	63.6	0	0.0	3	27.3	11
YTD 2005	0	0.0	0	0.0	7	26.9	10	38.5	9	34.6	26
YTD 2004	0	0.0	1	9.1	7	63.6	0	0.0	3	27.3	11

Source: CMHC

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

CMHC's Housing Awards Program

The CMHC Housing Awards Program, offered every two years, recognizes individuals and organizations that have implemented best practices that have improved housing in Canada. The purpose of the 2004 Housing Awards under the theme, **Best Practices in Affordable Housing**, is to recognize individuals and organizations for their outstanding accomplishments in furthering affordable housing and to assist them in transferring the knowledge about these best practices across the country.

Apply today at **http://www.cmhc-schl.gc.ca/en/prfias/gr/hap/index.cfm** for CMHC's Housing Awards Program.

Table 5: Resale Housing Activity for Kitchener Real Estate Board

		Number of Sales	Yr/Yr %	Sales SAAR	Number of New Listings	New Listings SAAR	Sales-to-New Listings SA	Average Price ($)	Yr/Yr %	Average Price ($) SA
2004	January	275	-12.1	4,700	618	7,700	61.0	193,870	6.1	197,445
	February	433		5,400	657	7,900	69.1	202,277	6.9	198,114
	March	671	49.1	6,700	874	8,200	81.4	197,325	6.8	212,822
	April	621	25.7	6,100	822	8,200	74.2	204,293	8.4	206,680
	May	595	14.0	6,200	894	9,100	68.4	201,264	12.0	194,146
	June	641	11.3	6,000	889	9,100	65.8	212,383	11.4	217,277
	July	556	-7.3	6,200	733	8,700	72.0	201,634	2.8	198,540
	August	494	7.9	5,800	730	9,200	63.3	208,724	13.7	217,326
	September	495	21.0	6,500	824	9,900	65.8	211,308	13.4	208,185
	October	398	-6.8	5,600	654	8,500	66.0	206,250	3.6	186,626
	November	476	37.2	6,200	578	8,800	69.9	214,239	14.7	220,365
	December	276	-1.8	5,700	328	8,000	72.0	216,323	7.8	206,098
2005	January	309	12.4	5,800	682	9,000	64.9	219,545	13.2	208,671
	February	485	12.0	6,100	694	8,400	72.6	207,880	2.8	207,739
	March	573	-14.6	5,900	809	7,800	75.9	216,001	9.5	225,894
	April									
	May									
	June									
	July									
	August									
	September									
	October									
	November									
	December									
	Q1 2004	1,379	15.3	5,608	2,149	7,900	70.7	198,191	6.7	203,749
	Q1 2005	1,367	-0.9	5,900	2,185	8,400	70.9	213,921	7.9	214,050
	YTD 2004	1,379	15.3		2,149			198,191	6.7	
	YTD 2005	1,367	-0.9		2,185			213,921	7.9	

	Annual Sales	Yr/Yr %		Annual New Listings	Yr/Yr %		Annual Average Price ($)	Yr/Yr %	
1995	3,467	-6.0		8,816	18.3		135,452	-4.4	
1996	4,666	34.6		9,168	4.0		134,839	-0.5	
1997	4,307	-7.7		7,885	-14.0		141,387	4.9	
1998	4,365	1.3		7,629	-3.2		143,104	1.2	
1999	4,695	7.6		6,730	-11.8		146,495	2.4	
2000	4,569	-2.7		6,495	-3.5		157,317	7.4	
2001	4,816	5.4		6,874	5.8		164,548	4.6	
2002	5,253	9.1		7,224	5.1		177,559	7.9	
2003	5,310	1.1		7,757	7.4		188,905	6.4	
2004	5,931	11.7		8,601	10.9		205,639	8.9	

Source: Canadian Real Estate Association

Table 6: Economic Indicators

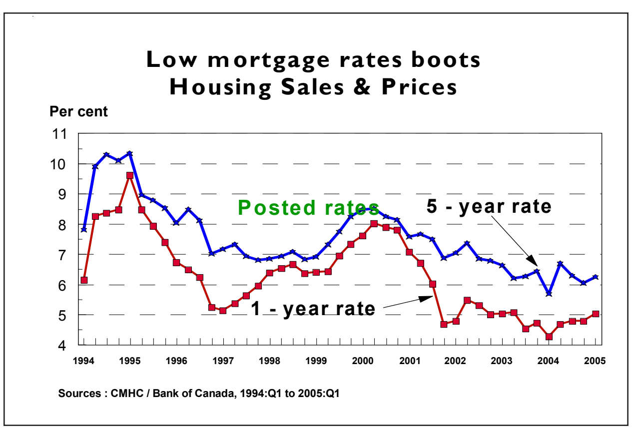
		Interest and Exchange Rates				Inflation Rate (%)	NHPI*** % chg.	KITCHENER CMA Labour Market		
		P & I* Per $100,000	Mortgage Rate (%) 1 Yr. Term	Mortgage Rate (%) 5 Yr. Term	Exch. Rate ($US/$Cdn)	Ontario 1996=100	KITCHENER CMA 1997=100	Employment SA** (,000)	Employment SA m/m (%)	Unemployment Rate (%) SA
2004	January	642.78	4.3	6.1	0.755	1.5	3.6	235.6	-0.5	4.9
	February	627.97	4.3	5.8	0.749	0.8	2.8	234.3	-0.6	5.5
	March	622.08	4.3	5.7	0.763	1.1	2.5	235.1	0.3	5.7
	April	648.75	4.5	6.2	0.729	2.3	4.1	235.4	0.1	5.7
	May	669.82	4.6	6.5	0.733	2.8	4.2	234.7	-0.3	5.6
	June	681.99	4.7	6.7	0.750	2.4	5.0	236.3	0.7	5.5
	July	672.86	4.6	6.6	0.752	2.4	4.1	237.9	0.7	5.4
	August	657.75	4.4	6.3	0.762	1.5	4.1	239.0	0.5	5.6
	September	657.75	4.8	6.3	0.793	1.5	4.5	238.4	-0.3	5.3
	October	663.77	4.9	6.4	0.821	2.1	5.8	238.0	-0.2	5.0
	November	657.75	5.0	6.3	0.843	2.2	7.0	238.7	0.3	4.4
	December	642.78	4.8	6.1	0.832	1.9	5.9	240.4	0.7	4.0
2005	January	642.78	4.8	6.1	0.806	1.6	5.6	242.9	1.0	4.0
	February	642.78	4.8	6.1	0.811	2.2	5.9	245.4	1.0	4.3
	March	654.74	5.1	6.3	0.827			248.4	1.2	5.3
	April									
	May									
	June									
	July									
	August									
	September									
	October									
	November									
	December									

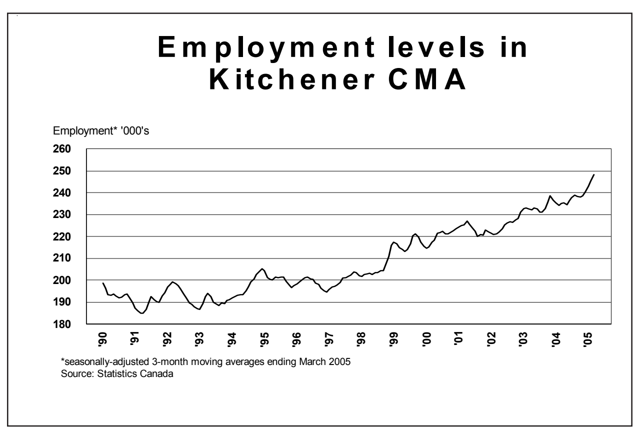
* Principal and Interest Payment assumes a five year mortgage rate and 25 year amortization period

** 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

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 2004 Retirement Homes Report

Do you want to learn more about the dynamic private retirement home market in Ontario? The 2004 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**.

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