

# H

# HOUSING NOW

Kitchener

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Canada Mortgage and Housing Corporation

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### New Home Market

#### Strong Second Quarter

New home construction in the Kitchener CMA was very strong in the second quarter. Construction began on a total of 1,297 homes this quarter, up more than 50 per cent from the same quarter last year.

The new home market is benefiting from very low mortgage rates, strong migration and robust job growth. A very tight resale market has also translated into rising new home demand and more housing starts.

Strength in new home construction this quarter came from both the single detached and the multiple family home segments. Single-de-

tached starts increased 13.7 per cent compared to same quarter last year while, multiple family starts, which include, townhouses, semi-detached homes and apartments more than doubled.

Although single detached starts experienced an increase this quarter, construction of detached homes in the Kitchener CMA is trending lower this year. One of the driving forces behind this trend has been the high price of a new detached home. High prices are pushing many potential buyers away from more expensive detached homes towards more affordable

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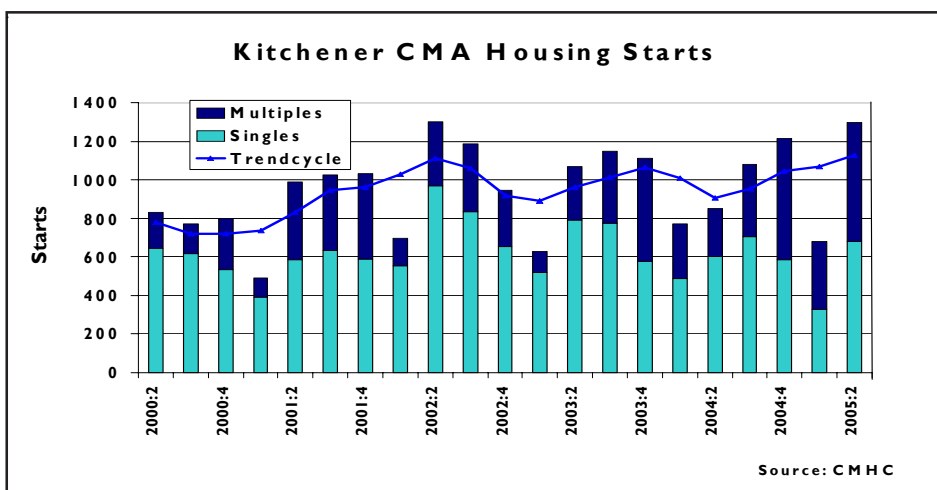
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multiple family dwellings such as townhouses and apartment condominiums.

Year-to-date townhouse starts are up more than 80 per cent while apartment starts are up almost two fold. The trend towards more affordable forms of housing will continue as the price of new detached homes continue their upward climb. Municipalities are also encouraging development of higher-density projects in the inner cities.

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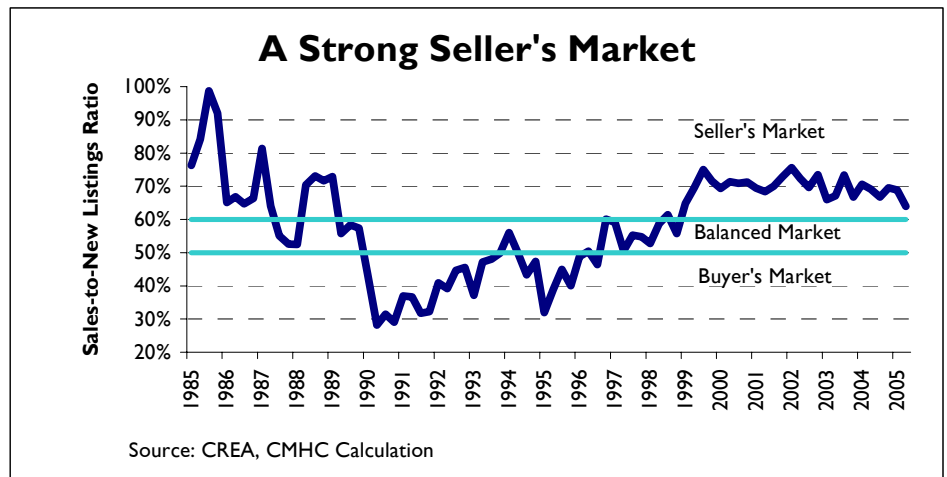
Strong demand for new homes and costs associated with land, labour and materials are driving new home prices higher. The average price of a new detached home in the Kitchener CMA was approximately \$282,000 in the second quarter, up 13.7 per cent from the same quarter last year.

The City of Cambridge experienced the largest jump in new-detached home prices this quarter with prices rising 20 per cent. This large jump is explained by a substantial increase in the share of homes priced above the \$300,000 mark.

## Economic Trends Growing Job Market

Job growth forms an important component of housing demand as employed individuals gain the financial ability to purchase homes. The Kitchener CMA has experienced exceptional job growth this quarter - up more than seven per cent compared to the second quarter last year.

Long-term mortgage rates vary in response to the cost of raising funds in the bond market. Long-term mortgage rates have followed yields in the bond market and have declined further in the second quarter.



Lower mortgage rates have contributed to stronger housing demand and have fuelled strong starts and existing home sales.

## Resale Market Hot resale market

The Kitchener resale home market has remained hot this quarter. The second quarter seasonally adjusted annualized rate (SAAR) for MLS® sales fell just shy of the 6,200 mark - well above last year's 5,931 total annual sales. MLS® home sales look to be on pace to set an all time record this year.

MLS® new listings have been steadily rising since 2000. This quarter was no different, as strong price growth over the last five years have convinced many that now is a good time to sell and move-up. The

number of newly listed homes on the market shot up more than 12 per cent compared to the same quarter last year. More listings on the market have contributed to higher sales this quarter as potential buyers enjoyed more choice.

The sales-to-new listings ratio is a measure of the current state of the resale home market. A resale market with a sales-to-new listings ratio above the 60 per cent mark is generally classified as a seller's market (see above chart). Price growth in a sellers market tends to exceed the overall rate of inflation. A sales-to-new listings below the 60 per cent mark is characterized as a balanced market with price growth in-line with the general rate of inflation. Kitchener's sales-to-new listings ratio has been firmly planted in sellers' territory since the late 1990's. As a result, house price appreciation has easily outpaced the general rate of inflation.

The average MLS® house price has continued to move higher registering a 6.7 per cent gain compared to same quarter last year. Prices will continue move higher as demand for homes will remain very strong in the second half of the year.

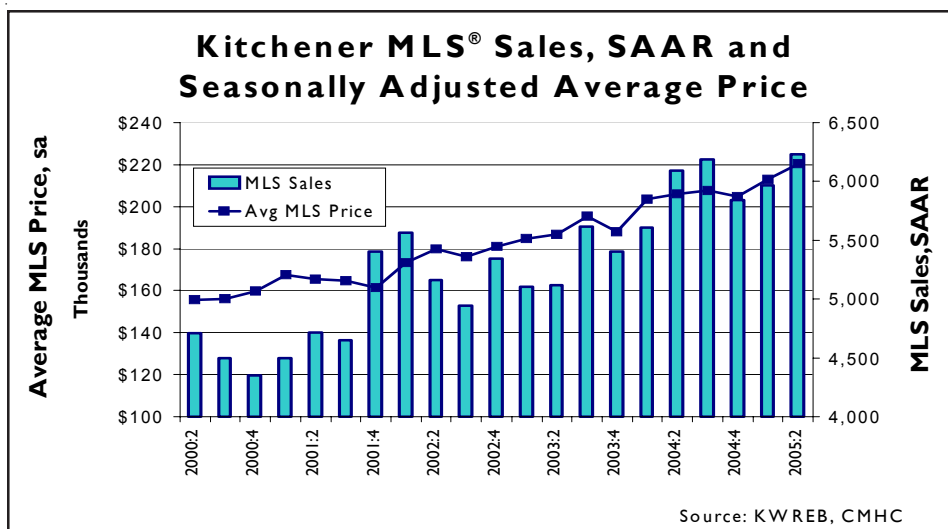


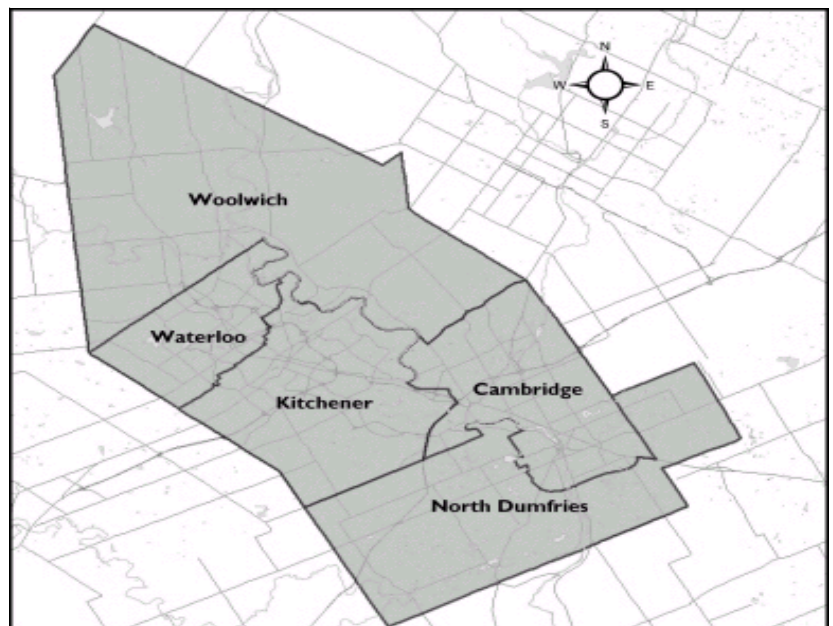
Table 1: Housing Activity Summary for Kitchener CMA

	OWNERSHIP					RENTAL		GRAND **TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
<b>STARTS</b>								
Q2 2005	682	26	221	53	119	44	152	1,297
Q2 2004	600	78	80	6	0	8	77	849
% Change	13.7	-66.7	176.3	**	NA	**	97.4	52.8
Year-to-date 2005	1,011	36	348	86	119	52	327	1,979
Year-to-date 2004	1,085	112	144	22	16	97	143	1,619
% Change	-6.8	-67.9	141.7	**	**	-46.4	128.7	22.2
<b>UNDER CONSTRUCTION</b>								
June 2005	813	62	508	152	119	52	772	2,478
June 2004	722	94	197	19	16	123	440	1,611
<b>COMPLETIONS</b>								
Q2 2005	508	31	65	22	0	12	48	686
Q2 2004	660	44	145	19	0	177	269	1,314
% Change	-23.0	-29.5	-55.2	15.8	NA	-93.2	-82.2	-47.8
Year-to-date 2005	909	37	112	49	0	12	274	1,393
Year-to-date 2004	1,103	62	294	23	0	177	750	2,409
% Change	-17.6	-40.3	-61.9	113.0	NA	-93.2	-63.5	-42.2
<b>COMPLETE &amp; NOT ABSORBED</b>								
June 2005	133	14	33	5	0	0	46	231
June 2004	115	21	37	8	0	17	122	320
<b>ABSORPTIONS</b>								
Q2 2005	511	30	52	20	0	12	96	721
Q2 2004	631	29	167	16	0	172	264	1,279
% Change	-19.0	3.4	-68.9	25.0	NA	-93.0	-63.6	-43.6
Year-to-date 2005	875	38	101	47	0	12	300	1,373
Year-to-date 2004	1,077	48	295	21	4	172	793	2,410
% Change	-18.8	-20.8	-65.8	123.8	-100.0	-93.0	-62.2	-43.0

\*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		
	Q2 2004	Q2 2005	% change	Q2 2004	Q2 2005	% change	Q2 2004	Q2 2005	% change
<b>Kitchener CMA</b>	600	682	13.7	249	615	147.0	849	1,297	52.8
Cambridge City	82	118	43.9	13	316	2330.8	95	434	356.8
Kitchener City	272	342	25.7	171	203	18.7	443	545	23.0
North Dumfries Township	11	7	-36.4	0	0	NA	11	7	-36.4
Waterloo City	180	149	-17.2	65	80	23.1	245	229	-6.5
Woolwich Township	55	66	20.0	0	16	NA	55	82	49.1

**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
<b>Kitchener CMA</b>	1,085	1,011	-6.8	534	968	81.3	1,619	1,979	22.2
Cambridge City	193	159	-17.6	27	363	1244.4	220	522	137.3
Kitchener City	493	530	7.5	299	427	42.8	792	957	20.8
North Dumfries Township	13	11	-15.4	0	0	NA	13	11	-15.4
Waterloo City	302	235	-22.2	199	149	-25.1	501	384	-23.4
Woolwich Township	84	76	-9.5	9	29	222.2	93	105	12.9

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

Sub Market Area	Q2 2004	Q2 2005	% Change	YTD 2004	YTD 2005	% Change
<b>Kitchener CMA</b>	248,498	282,478	13.7	245,333	278,790	13.6
Cambridge City	243,024	299,730	23.3	234,493	295,337	25.9
Kitchener City	241,169	261,149	8.3	244,517	260,867	6.7
North Dumfries Township	413,857	412,500	-0.3	402,125	388,112	-3.5
Waterloo City	255,584	284,232	11.2	250,419	280,594	12.0
Woolwich Township	258,448	388,430	50.3	265,167	353,266	33.2

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-\$174,999		\$175-\$249,999		\$250-\$299,999		\$300,000+		
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
<b>Kitchener CMA</b>											
Q2 2005	1	0.2	6	1.2	246	48.1	99	19.4	159	31.1	511
Q2 2004	1	0.2	13	2.1	368	58.3	136	21.6	113	17.9	631
YTD 2005	1	0.1	11	1.3	411	47.0	187	21.4	265	30.3	875
YTD 2004	1	0.1	24	2.2	671	62.3	186	17.3	195	18.1	1,077
<b>Cambridge City</b>											
Q2 2005	0	0.0	0	0.0	32	33.3	27	28.1	37	38.5	96
Q2 2004	0	0.0	9	5.8	81	51.9	50	32.1	16	10.3	156
YTD 2005	0	0.0	0	0.0	52	31.1	49	29.3	66	39.5	167
YTD 2004	0	0.0	16	5.1	198	63.1	74	23.6	26	8.3	314
<b>Kitchener City</b>											
Q2 2005	1	0.4	5	1.8	157	56.3	44	15.8	72	25.8	279
Q2 2004	0	0.0	1	0.4	170	66.1	52	20.2	34	13.2	257
YTD 2005	1	0.2	7	1.5	264	56.9	79	17.0	113	24.4	464
YTD 2004	0	0.0	2	0.5	257	65.4	65	16.5	69	17.6	393
<b>North Dumfries Township</b>											
Q2 2005	0	0.0	0	0.0	0	0.0	0	0.0	4	100.0	4
Q2 2004	0	0.0	0	0.0	0	0.0	1	14.3	6	85.7	7
YTD 2005	0	0.0	0	0.0	0	0.0	1	14.3	6	85.7	7
YTD 2004	0	0.0	0	0.0	0	0.0	1	12.5	7	87.5	8
<b>Waterloo City</b>											
Q2 2005	0	0.0	1	1.0	47	48.0	20	20.4	30	30.6	98
Q2 2004	1	0.6	1	0.6	102	57.0	26	14.5	49	27.4	179
YTD 2005	0	0.0	4	2.3	78	44.1	40	22.6	55	31.1	177
YTD 2004	1	0.3	3	0.9	194	60.8	39	12.2	82	25.7	319
<b>Woolwich Township</b>											
Q2 2005	0	0.0	0	0.0	10	29.4	8	23.5	16	47.1	34
Q2 2004	0	0.0	2	6.3	15	46.9	7	21.9	8	25.0	32
YTD 2005	0	0.0	0	0.0	17	28.3	18	30.0	25	41.7	60
YTD 2004	0	0.0	3	7.0	22	51.2	7	16.3	11	25.6	43

Source: CMHC

Note: NA 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	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	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	6,000	809	7,700	77.1	216,001	9.5	223,102
	April	623	0.3	6,100	1,033	10,300	59.2	216,128	5.8	218,594
	May	627	5.4	6,000	939	9,100	66.4	222,352	10.5	231,147
	June	680	6.1	6,600	959	9,500	68.7	221,142	4.1	211,895
	July									
	August									
	September									
	October									
	November									
	December									
Q2 2004	1,857	16.6	6,092	2,605	8,800	69.3	206,115	10.6	205,890	
Q2 2005	1,930	3.9	6,200	2,931	9,600	64.6	219,917	6.7	220,300	
YTD 2004	3,236	16.1		4,754			202,738	8.9		
YTD 2005	3,297	1.9		5,116			217,431	7.2		

	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

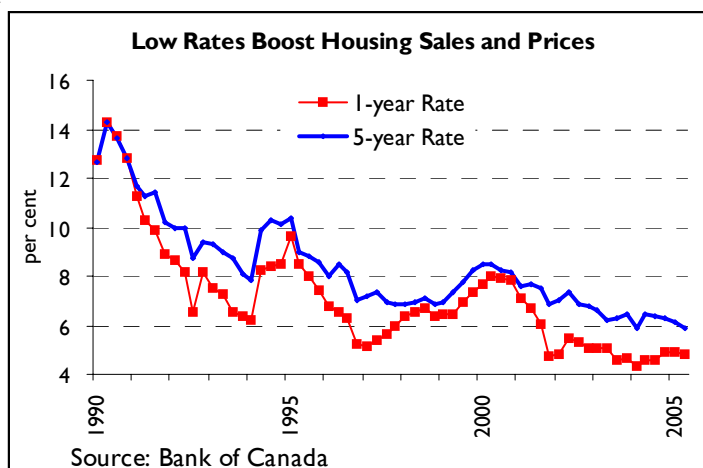
		Interest and Exchange Rates				Inflation Rate (%)	NHI*** % chg.	KITCHENER CMA Labour Market		
		P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)			Ontario 1996=100	KITCHENER CMA 1997=100	Employment SA** (,000)
			1 Yr. Term	5 Yr. Term						
2004	January	642.78	4.3	6.1	0.755	1.5	3.6	235.6	-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	2.3	6.3	248.4	1.2	5.3
	April	642.78	4.9	6.1	0.795	2.3	4.8	250.2	0.7	5.9
	May	636.84	4.9	6.0	0.797	1.5	5.2	252.6	1.0	6.4
	June	622.08	4.8	5.7	0.816			253.8	0.5	6.2
	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](http://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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