

# H

# HOUSING NOW

London

## YOUR LINK TO THE HOUSING MARKET

### New Homes

Canada Mortgage and Housing Corporation

#### 3rd Quarter results impressive

Single-detached new home starts were up 25 per cent compared to the same quarter in 2003, with 700 units reaching at least the footings stage of construction in the London metro region. Equally impressive, was the 23% rise in the number of sold singles which reached the completions stage.

Inventories of singles under construction were up 30%, signalling a need to bring these into line as demand weakens slightly in 2005. Starts on row home ownership units picked up in the 3rd quarter as new sites came on stream in London. The

strength in the home ownership market has almost offset the lower level of rental apartment starts in 2004. However, it should be noted that apartment starts in 2003 were at their highest level since 1993.

London metro's three largest markets have all enjoyed a strong pick up in singles starts to date: London (1,259 singles, +28%); St. Thomas (223 units, +33%) and on track to break a 30-year record; Strathroy-Caradoc (103 units, 37%).

Employment continued its expansion through July/August, before pulling back slightly in September. 5-year posted rates and short term rates remain very low from a historical perspective ( graph page 7).

ISSUE 24  
THIRD QUARTER 2004

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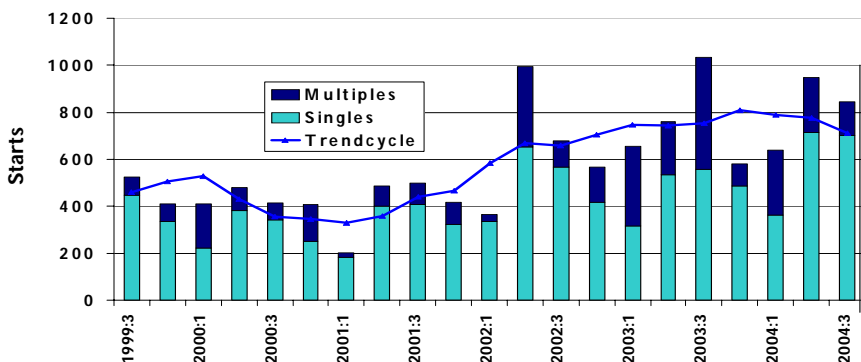
##### Resale Market

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- 7 Low mortgage rates and inflation - despite higher prices at the gas pumps

London CMA Housing Starts



Source: CMHC

Despite rising gasoline and housing costs, e.g. London CMAs New Housing Price Index up 4.8% yr.-over-yr. in August the annual Consumer Price Index rose less than 2 per cent in August and September reflecting offsetting lower costs e.g., for autos and computers. Low inflation will help moderate the rise in financing costs.

Ken Sumnall, Senior Market Analyst  
CMHC London, Market Analysis

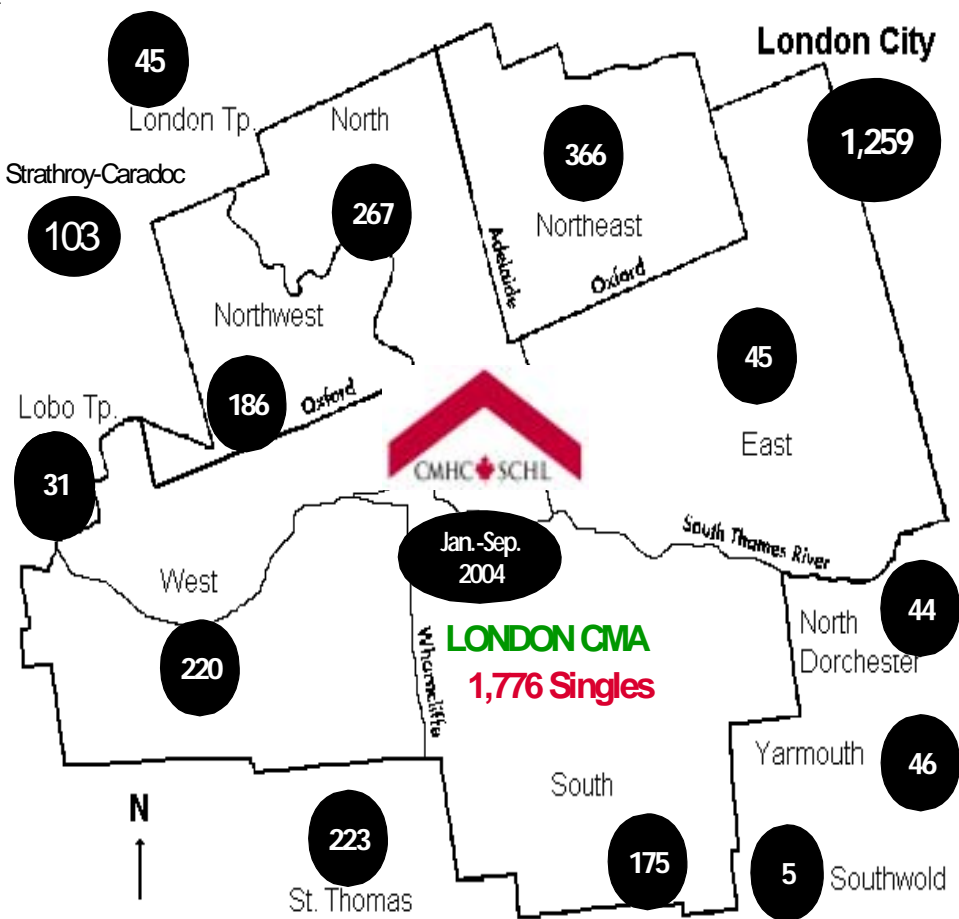
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HOME TO CANADIANS  
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# WHERE'S THE HAMMERING BY SUB-MARKET



Source: CMHC

## Single-detached housing starts on record pace nine-months into 2004

The map shows the location of single-detached new home starts in the City of London and the surrounding markets which make up London CMA (census metropolitan area).

71% of the 1,776 single starts took place in London (1,259 units) and 13% in St. Thomas (223 units). Not shown on the map: 8 singles in Port Stanley and 9 singles in Delaware.

## 3rd Quarter MLS sales at record pace

Strong consumer sentiment combined with an excellent level of affordability, as mortgage rates in the 3rd Q retreated from part of the increase recorded in Q2. MLS home sales in the London & St. Thomas Real Estate Board moved up to their highest quarterly level, hitting 9,200 units in the 3rd Q (seasonally-adjusted figure converted to an annualized rate).

Robust sales convinced more owners to list their properties in the 3rd Q with the result that the sales to new listing ratio dropped slightly, signally a move to more balanced market conditions. However, year-over-year the average sales price in 2004:Q3 was up 10.1% and exceeded \$170,000 average price for the first time in July and again in September.

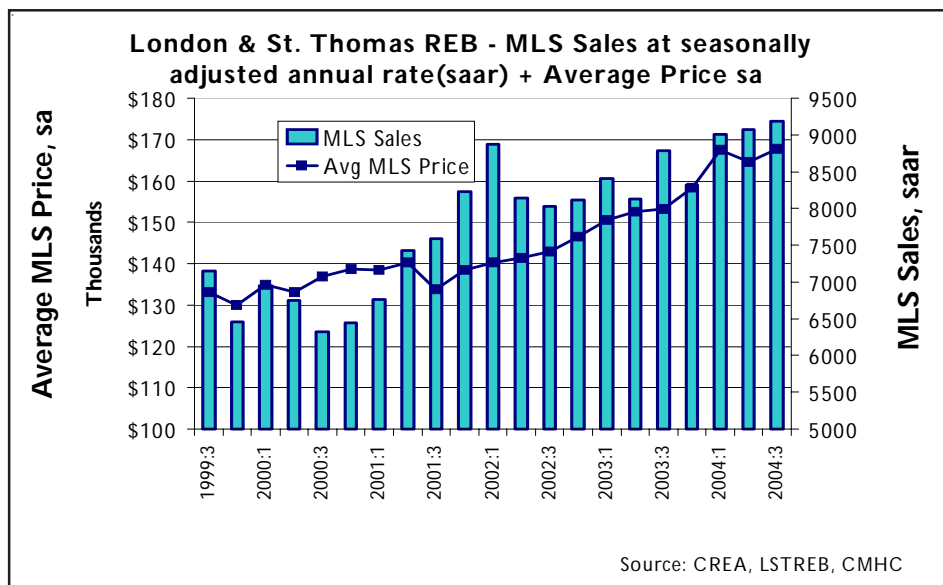


Table 1: Housing Activity Summary for London CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
<b>STARTS</b>								
Q3 2004	700	18	12	85	0	19	12	846
Q3 2003	558	16	4	52	0	24	380	1,034
% Change	25.4	12.5	200.0	63.5	NA	-20.8	-96.8	-18.2
Year-to-date 2004	1,776	20	12	150	80	67	331	2,436
Year-to-date 2003	1,407	20	35	124	0	24	837	2,447
% Change	26.2	0.0	-65.7	21.0	NA	179.2	-60.5	-0.4
<b>UNDER CONSTRUCTION</b>								
September 2004	829	18	12	167	80	31	707	1,844
September 2003	637	22	35	181	0	24	1,041	1,940
<b>COMPLETIONS</b>								
Q3 2004	676	2	15	102	0	38	141	974
Q3 2003	538	2	6	40	0	0	72	658
% Change	25.7	0.0	150.0	155.0	NA	NA	95.8	48.0
Year-to-date 2004	1,542	18	34	164	0	75	674	2,507
Year-to-date 2003	1,287	12	21	158	0	0	94	1,572
% Change	19.8	50.0	61.9	3.8	NA	NA	**	59.5
<b>COMPLETE &amp; NOT ABSORBED</b>								
September 2004	70	0	0	36	0	25	252	383
September 2003	53	0	5	18	0	0	1	77
<b>ABSORPTIONS</b>								
Q3 2004	682	2	17	99	0	43	216	1,059
Q3 2003	554	3	7	67	0	0	72	703
% Change	23.1	-33.3	142.9	47.8	NA	NA	200.0	50.6
Year-to-date 2004	1,546	18	39	164	0	50	423	2,240
Year-to-date 2003	1,299	12	20	184	0	0	98	1,613
% Change	19.0	50.0	95.0	-10.9	NA	NA	**	38.9

\* Includes all market types

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

Source: CMHC

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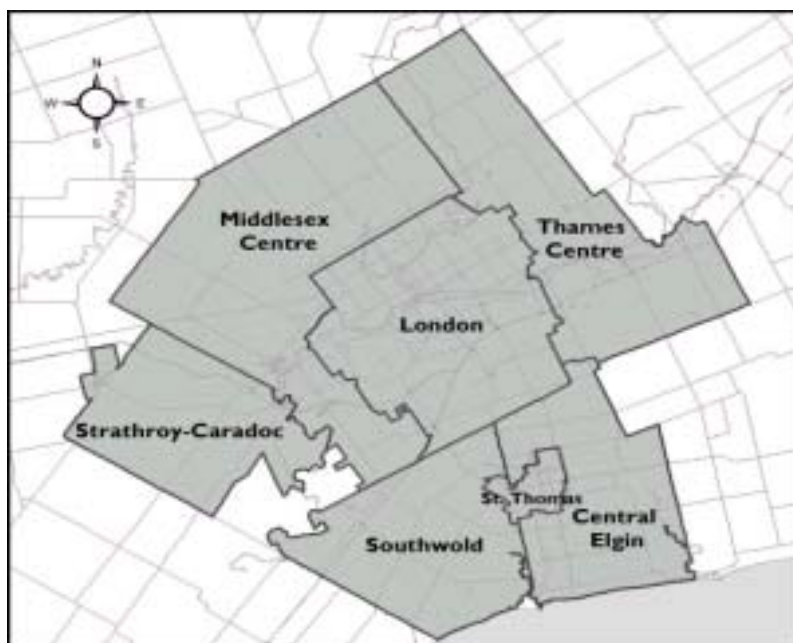


Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q3 2003	Q3 2004	% change	Q3 2003	Q3 2004	% change	Q3 2003	Q3 2004	% change
<b>London CMA</b>	558	700	25.4	476	146	-69.3	1,034	846	-18.2
London City	386	472	22.3	466	126	-73.0	852	598	-29.8
St. Thomas City	72	90	25.0	0	6	NA	72	96	33.3
Central Elgin	11	39	**	7	0	-100.0	18	39	116.7
Middlesex Centre	31	37	19.4	1	2	100.0	32	39	21.9
Southwold Twp.	7	3	-57.1	0	0	NA	7	3	-57.1
Strathroy-Caradoc Twp.	26	41	57.7	2	12	**	28	53	89.3
Thames Centre	25	18	-28.0	0	0	NA	25	18	-28.0

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

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2003	YTD 2004	% change	YTD 2003	YTD 2004	% change	YTD 2003	YTD 2004	% change
<b>London CMA</b>	1,407	1,776	26.2	1,040	660	-36.5	2,447	2,436	-0.4
London City	987	1,259	27.6	1,018	625	-38.6	2,005	1,884	-6.0
St. Thomas City	167	223	33.5	0	6	NA	167	229	37.1
Central Elgin	25	54	116.0	10	0	-100.0	35	54	54.3
Middlesex Centre	80	85	6.3	8	2	-75.0	88	87	-1.1
Southwold Twp.	13	5	-61.5	0	0	NA	13	5	-61.5
Strathroy-Caradoc Twp.	75	103	37.3	4	14	**	79	117	48.1
Thames Centre	60	47	-21.7	0	13	NA	60	60	0.0

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

Sub Market Area	Q3 2003	Q3 2004	% Change	YTD 2003	YTD 2004	% Change
<b>London CMA</b>	233,543	242,352	3.8	229,301	241,171	5.2
London City	241,725	251,368	4.0	238,015	247,189	3.9
St. Thomas City	178,755	183,110	2.4	183,804	179,992	-2.1
Central Elgin	205,444	216,500	5.4	223,895	249,333	11.4
Middlesex Centre	279,914	282,667	1.0	261,429	284,066	8.7
Southwold Twp.	181,000	NA	NA	212,000	287,500	35.6
Strathroy-Caradoc Twp.	171,577	200,691	17.0	176,139	199,627	13.3
Thames Centre	218,725	315,033	44.0	244,506	320,528	31.1

Note: NA may appear where CMHC data suppression rules apply

Source: CMHC

Note: Municipal amalgamations resulted in the creation of the Municipality of Central Elgin (formerly Belmont, Port Stanley and Yarmouth Township); the Municipality of Thames Centre (formerly the Townships of North Dorchester and West Nissouri); and, the Township of Middlesex Centre (formerly the Townships of Delaware, Lobo, and London). The amalgamated centre of Strathroy-Caradoc Township was first surveyed as component of the London Census Metropolitan Area (CMA) in 2002. The change in the components of the London CMA was based on the results of the 2001 Census of Canada.

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

AREA	PRICE RANGES										
	<\$149,999		\$150-\$174,999		\$175-\$249,999		\$250-\$299,999		\$300,000+		TOTAL
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
<b>London CMA</b>											
Q3 2004	23	3.4	90	13.4	333	49.5	112	16.6	115	17.1	673
Q3 2003	40	7.2	92	16.6	251	45.3	82	14.8	89	16.1	554
YTD 2004	55	3.6	230	15.0	746	48.8	248	16.2	251	16.4	1,530
YTD 2003	110	8.5	218	16.8	615	47.3	188	14.5	168	12.9	1,299
<b>London City</b>											
Q3 2004	0	0.0	58	12.3	235	49.9	81	17.2	97	20.6	471
Q3 2003	24	5.8	61	14.8	186	45.0	65	15.7	77	18.6	413
YTD 2004	10	0.9	143	13.3	542	50.4	186	17.3	194	18.0	1,075
YTD 2003	68	7.4	132	14.3	436	47.3	149	16.2	137	14.9	922
<b>St. Thomas City</b>											
Q3 2004	17	18.1	22	23.4	51	54.3	3	3.2	1	1.1	94
Q3 2003	11	22.4	16	32.7	19	38.8	2	4.1	1	2.0	49
YTD 2004	35	17.5	64	32.0	92	46.0	8	4.0	1	0.5	200
YTD 2003	26	19.0	40	29.2	59	43.1	6	4.4	6	4.4	137
<b>Central Elgin</b>											
Q3 2004	0	0.0	2	25.0	3	37.5	3	37.5	0	0.0	8
Q3 2003	0	0.0	0	0.0	8	88.9	1	11.1	0	0.0	9
YTD 2004	0	0.0	5	15.2	14	42.4	5	15.2	9	27.3	33
YTD 2003	0	0.0	0	0.0	14	73.7	4	21.1	1	5.3	19
<b>Middlesex Centre</b>											
Q3 2004	0	0.0	0	0.0	13	36.1	11	30.6	12	33.3	36
Q3 2003	0	0.0	1	2.8	15	41.7	10	27.8	10	27.8	36
YTD 2004	0	0.0	1	1.3	26	34.7	21	28.0	27	36.0	75
YTD 2003	0	0.0	1	1.4	38	55.1	16	23.2	14	20.3	69
<b>Southwold Twp.</b>											
Q3 2004	0	NA	0	NA	0	NA	0	NA	0	NA	0
Q3 2003	1	20.0	3	60.0	0	0.0	0	0.0	1	20.0	5
YTD 2004	0	0.0	2	33.3	0	0.0	1	16.7	3	50.0	6
YTD 2003	7	41.2	4	23.5	3	17.6	0	0.0	3	17.6	17
<b>Strathroy-Caradoc Twp.</b>											
Q3 2004	6	15.0	8	20.0	20	50.0	6	15.0	0	0.0	40
Q3 2003	4	15.4	10	38.5	12	46.2	0	0.0	0	0.0	26
YTD 2004	10	13.2	15	19.7	41	53.9	8	10.5	2	2.6	76
YTD 2003	9	10.8	39	47.0	32	38.6	1	1.2	2	2.4	83
<b>Thames Centre</b>											
Q3 2004	0	0.0	0	0.0	11	45.8	8	33.3	5	20.8	24
Q3 2003	0	0.0	1	6.3	11	68.8	4	25.0	0	0.0	16
YTD 2004	0	0.0	0	0.0	31	47.7	19	29.2	15	23.1	65
YTD 2003	0	0.0	2	3.8	33	63.5	12	23.1	5	9.6	52

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

Source: CMHC

Table 5: Resale Housing Activity for London & St. Thomas 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
2003	January	504	-1.8	9,200	1,013	12,000	76.3	147,527	10.8	150,218
	February	641	-12.4	7,900	1,020	11,900	66.3	148,486	1.9	148,365
	March	749	-3.9	8,100	1,242	12,900	62.7	153,924	12.1	152,734
	April	888	-7.1	7,900	1,303	12,500	63.4	150,488	5.8	151,494
	May	859	-1.5	8,000	1,378	13,200	61.0	156,732	6.3	151,847
	June	853	9.5	8,400	1,153	12,800	66.0	156,328	10.1	153,979
	July	920	21.2	9,300	1,350	14,200	65.6	153,509	5.9	148,856
	August	700	-1.4	8,400	970	12,700	65.8	155,500	9.6	157,421
	September	694	14.7	8,600	1,142	13,300	64.8	153,267	5.3	153,922
	October	644	4.4	8,700	934	12,800	68.2	156,331	8.3	156,279
	November	556	-3.6	8,400	773	12,600	66.8	151,770	7.5	157,205
	December	404	3.3	7,900	567	13,100	60.0	159,529	9.5	162,069
2004	January	443	-12.1	8,200	1,010	12,200	67.1	167,090	13.3	169,375
	February	701	9.4	8,500	1,024	12,300	68.5	163,715	10.3	171,767
	March	1,049	40.1	10,400	1,519	14,200	72.9	165,469	7.5	162,686
	April	963	8.4	8,900	1,517	14,100	63.3	169,899	12.9	169,439
	May	1,002	16.6	9,900	1,476	14,300	68.9	168,836	7.7	158,436
	June	921	8.0	8,400	1,433	14,900	56.3	164,097	5.0	166,407
	July	901	-2.1	9,400	1,327	14,300	65.9	170,651	11.2	164,391
	August	801	14.4	9,100	1,140	14,200	64.4	167,489	7.7	167,912
	September	712	2.6	9,000	1,192	14,400	62.4	170,580	11.3	171,059
	October									
	November									
	December									
Q3 2003	2,314	11.6	8,800	3,462	13,400	65.4	154,039	6.9	153,243	
Q3 2004	2,414	4.3	9,200	3,659	14,300	64.2	169,581	10.1	167,733	
YTD 2003	6,808	1.5		10,571			153,185	7.5%		
YTD 2004	7,493	10.1		11,638			167,576	9.4%		

	Annual Sales	Yr/Yr %		Annual New Listings	Yr/Yr %		Annual Average Price (\$)	Yr/Yr %	
1994	5,954	-0.2		16,107	3.8		135,597	0.0	
1995	5,510	-7.5		15,843	-1.6		128,643	-5.1	
1996	6,906	25.3		16,421	3.6		129,338	0.5	
1997	6,454	-6.5		15,784	-3.9		131,382	1.6	
1998	6,562	1.7		15,258	-3.3		131,299	-0.1	
1999	6,864	4.6		13,661	-10.5		131,254	0.0	
2000	6,616	-3.6		13,598	-0.5		135,857	3.5	
2001	7,503	13.4		13,434	-1.2		137,717	1.4	
2002	8,290	10.5		12,907	-3.9		142,745	3.7	
2003	8,412	1.5		12,845	-0.5		153,637	7.6	

Source: Canadian Real Estate Association

Table 6: Economic Indicators

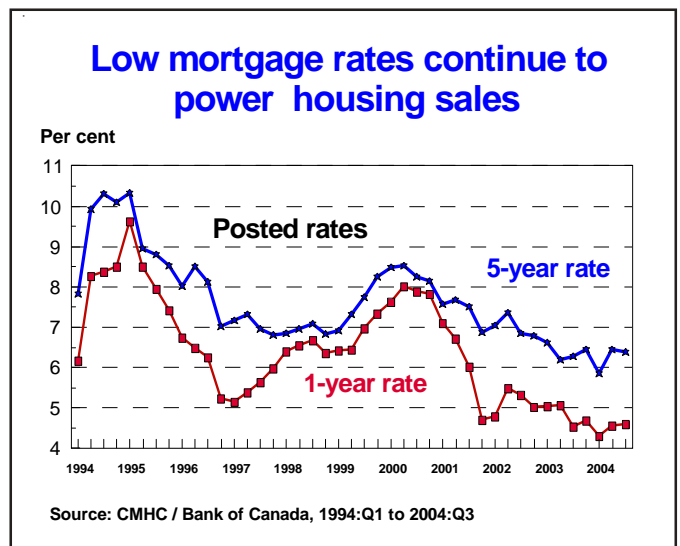
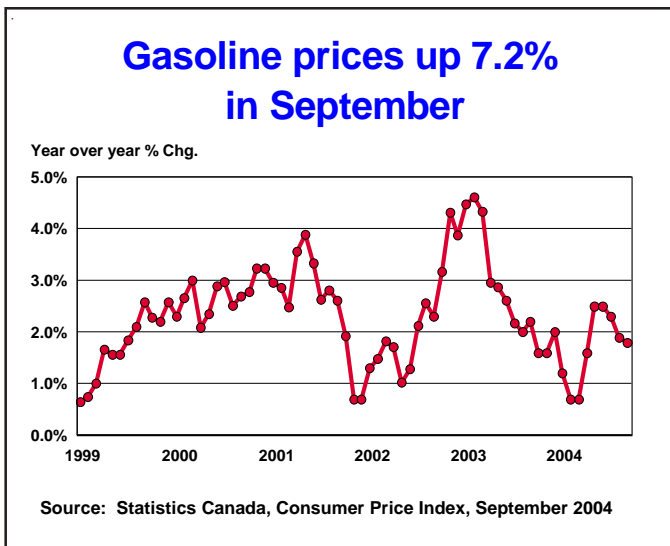
		Interest and Exchange Rates				Inflation Rate (%)	NHPI*** % chg.	London CMA Labour Market		
		P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)			Ontario 1996=100	London CMA 1997=100	Employment SA** (.000)
			1 Yr. Term	5 Yr. Term						
2003	January	666.80	4.9	6.5	0.657	4.3	2.6	216.7	-0.4	6.7
	February	675.90	4.9	6.6	0.674	4.4	3.3	216.1	-0.3	6.8
	March	691.18	5.4	6.9	0.681	3.3	4.7	217.8	0.8	6.7
	April	678.94	5.4	6.7	0.698	2.3	5.0	218.8	0.5	6.8
	May	648.75	5.1	6.2	0.731	2.7	5.5	219.1	0.1	6.9
	June	627.97	4.9	5.8	0.742	2.5	4.9	219.0	0.0	6.7
	July	651.74	4.6	6.2	0.712	1.9	5.3	218.0	-0.5	6.3
	August	660.76	4.6	6.4	0.722	1.7	5.1	218.3	0.1	6.6
	September	657.75	4.6	6.3	0.741	2.2	4.9	219.7	0.6	7.1
	October	663.77	4.6	6.4	0.758	1.7	3.6	220.8	0.5	7.7
	November	669.82	4.8	6.5	0.770	1.7	5.4	222.7	0.9	7.4
	December	666.80	4.8	6.5	0.771	3.0	6.2	223.5	0.4	7.2
2004	January	642.78	4.3	6.1	0.755	1.5	5.0	225.1	0.7	7.0
	February	627.97	4.3	5.8	0.749	0.8	6.1	226.8	0.8	7.0
	March	622.08	4.3	5.7	0.763	1.1	5.2	228.3	0.7	6.3
	April	648.75	4.5	6.2	0.729	2.3	4.3	230.0	0.7	5.9
	May	669.82	4.6	6.5	0.733	2.8	4.3	228.5	-0.7	5.3
	June	681.99	4.7	6.7	0.750	2.4	4.7	230.6	0.9	4.9
	July	672.86	4.6	6.6	0.752	2.4	4.7	233.1	1.1	4.7
	August	657.75	4.4	6.3	0.762	1.5	4.8	234.3	0.5	4.8
	September	657.75	4.8	6.3	0.793			229.8	-1.9	5.5
	October									
	November									
	December									

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

\*\* Seasonally Adjusted

\*\*\* New Housing Price Index

Sources: CMHC, Statistics Canada, Bank of Canada





## 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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