

New Home Market

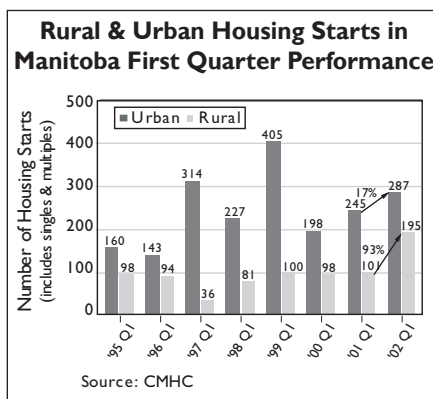
FIRST QUARTER 2002

Residential Construction Makes Strong Progress Across Manitoba

During the first three months of 2002, residential construction activity recorded a total of 482 starts across the province of Manitoba. This is the second highest level of activity recorded during a first quarter since 1990 and represents a growth of 39 per cent over the same quarter in 2001. Examining the distribution of starts between urban and rural areas, there was a 60:40 split with 287 and 195 starts, respectively. However, the growth rate of residential construction activity in rural areas was more pronounced than its urban counterpart. Rural housing starts grew by 93 per cent, while the combined performance of Manitoba's five urban centres increased 17 per cent in the first quarter of 2002. The rural growth was registered in both single- and multiple-family starts. Hot spots were Hanover RM, Gimli RM, MacDonald RM, and Steinbach Town.

Growth in New Home Construction Registered in Most Urban Areas

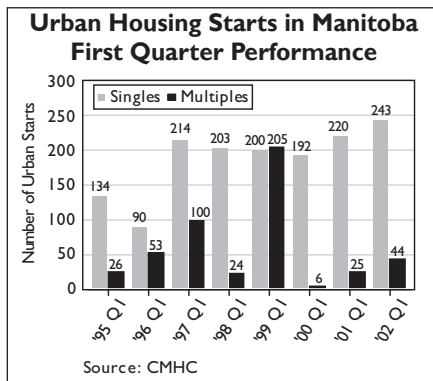
Examining residential construction activity across Manitoba's five urban centres, 287 starts were registered in the first quarter of 2002. The construction of single-family dwellings accounted for 85 per cent of urban activity with 243 starts, while 44 new multi-family dwelling units were started. In the first three months of 2002, both single- and multi-family home construction registered double-digit growth rates of 10 and 76 per cent, respectively. Winnipeg held the lion share of the urban market with 259 starts. However, Brandon and St. Andrews posted strong performance when compared to the same



quarter in 2001 with 14 and 12 starts, respectively. Portage La Prairie recorded some construction with 2 starts, while Thompson was void of any home construction activity.

Builders Responding to the Demand for New Homes

In the first quarter of 2002, newly completed homes for ownership tenure were absorbed by the market at a rate of 58 units per month. This represents a 25.8 per cent drop



IN THIS ISSUE:

ANALYSIS

- 1 Residential Construction Makes Strong Progress Across Manitoba
- 1 Growth in New Home Construction Registered in Most Urban Areas
- 1 Builders Responding to the Demand for New Homes
- 2 Manitoba Economy Continues to Perform Despite Recent Slowdown
- 2 Mortgage Rates To Inch Upwards in 2002

STATISTICAL TABLES

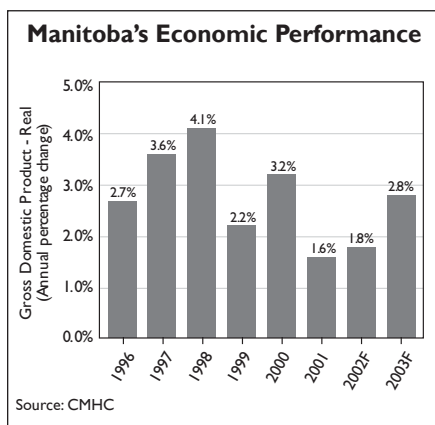
- 3 Starts
- 4 Completions
- 5 Single Family Absorptions by Price Range
- 6 Under Construction
- 6 Complete and Not Occupied
- 7 Housing Activity Summary



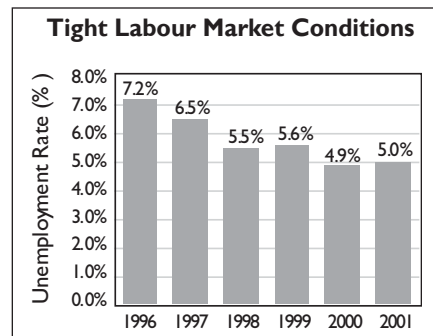
in absorptions when compared to the first quarter in 2001. Despite the relative decline in new home absorptions, builders anticipate stronger demand in the near term as the supply of new homes for ownership tenure increased slightly. At the end of March 2002, the total supply, which includes standing inventory and those currently under construction, stood at 803 units, up from 791 at the end of March 2001. Moreover, the total supply of new homes in urban areas increased by 10 per cent compared to the previous quarter. Single-detached homes under construction increased by 15 per cent to 541 units, while standing inventories have fallen by 38 per cent to 109 dwellings compared to the first quarter of 2001. Therefore, on the basis of last year's second and third quarter absorption rates, CMHC expects the supply of new dwellings to last approximately 6 months indicating balanced market conditions.

Manitoba Economy Continues to Perform Despite Recent Slowdown

Manitoba's economy posted the third highest growth rate among the provinces in 2001. Recent statistics for the first quarter of 2002 indicate that economic prospects remain favourable, as 8,100 more people were employed compared to the same time last year. Labour force participation also increased in this period with approximately 12,900 people re-entering the workforce. As a result, the unemployment rate for the first quarter of 2002 edged up slightly to 5.5 per cent compared to the same time last year. However, this is a promising sign that economic prospects are positive for many people, as more and more jump into the job market.

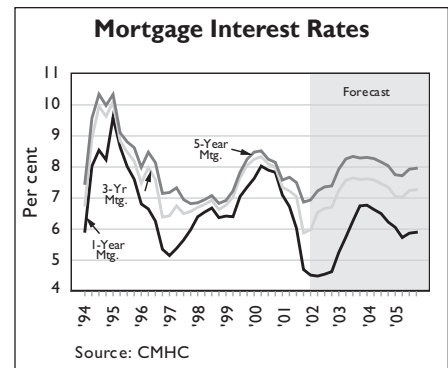


Both the resale and new housing markets in Manitoba can expect steady demand as the number of people in full-time jobs rose by 7,700 in the first three months of 2002, compared to the first quarter of 2001. In addition, part-time employment was 400 jobs higher during this same period. In terms of provincial employment by sector, the service-based economy recorded higher employment levels. From January to March of 2002, there were 8,600 more people employed in this sector, while the goods-producing sector recorded a loss of about 300 positions during this same period. In the service-based economy, sectors that witnessed increases include public administration, trade, retail trade, health care and culture and tourism. Though the entire goods-producing sector recorded an overall loss, there were still some key sectors with positive increases, such as agriculture, forestry, printing services and construction.



Employment patterns were not even throughout the entire province as some regions benefited more than others. Winnipeg had the largest increase in employment levels, reaching year-over-year gains of 4,700 positions, an increase of 2.6 per cent. The next highest increase was in the North Central region, which includes Portage La Prairie, with year-over-year average growth of 1,200 positions. Other regions recording year-over-year employment gains, include the Southwest (Brandon and region) with an increase of 1.2 per cent, the Southeast (which includes Steinbach) at 2.6 per cent, and the Parkland and Northern region of Manitoba with an increase of 5.1 per cent.

Overall, the Manitoba economy is expected to perform well for the rest of 2002, with a projected GDP growth up to 1.8 per cent. The agricultural and manufacturing sectors are anticipated to hold their own this year. Farming in Manitoba continues to diversify,



and, increasingly, many farmers are switching to the profitable cattle and hog industries. As result, new manufacturing facilities in the rural areas are being built to meet this growing sector, including the planned J.R. Simplot potato-processing plant in Portage La Prairie as well as two major hog-processing projects in the province. Winnipeg's diversified economy will also continue doing well for the rest of this year, with the recent announcement of a new manufacturing plant in the aerospace industry and some anticipated non-residential construction projects.

Mortgage Rates To Inch Upwards in 2002

While open and variable rate mortgages generally track lender's prime, fixed rate mortgages move in tandem with the bond market. As the prime rate, money market, and short-term bond yields are expected to rise in line with the economic recovery, so will short-term mortgage rates. Though mortgage rates are expected to edge up this year, they remain low by historical standards. Therefore, the outlook remains favourable with one-, three- and five-year mortgage rates to be in the 4.00-5.00, 5.00-6.00, and 6.00-7.00 per cent ranges, respectively. Low mortgage rates will continue to stimulate demand for housing and given the limited number of listings in the existing home market, many home buyers will be considering the new home market for their housing need.

For More Information, Please Contact:

David Stansen, MBA
Senior Market Analyst

Telephone: (204) 983-5648

Toll Free: 1-877-722-2642

E-mail: dstansen@cmhc-schl.gc.ca

Table I
PROVINCE OF MANITOBA
STARTS ACTIVITY BY AREA - 1ST QUARTER 2002

AREA	Single		Multiple			Total		Chg
	2002	2001	SEMI	ROW	APT	2002	2001	2002/2001
WINNIPEG CM	221	212	0	6	32	259	233	11.16
WINNIPEG CITY	181	170	0	6	32	219	185	18.38
BRANDON CA	8	3	0	0	6	14	7	**
PORTAGE LA PRAIRIE CA	2	2	0	0	0	2	2	0.00
ST.ANDREWS CA	12	3	0	0	0	12	3	**
THOMPSON CA	0	0	0	0	0	0	0	**
MANITOBA (URBAN)	243	220	0	6	38	287	245	17.14
MANITOBA (RURAL)	185	99	0	10	0	195	101	93.07
MANITOBA (TOTAL)	428	319	0	16	38	482	346	39.31

Table Ib
PROVINCE OF MANITOBA
STARTS ACTIVITY BY AREA - JANUARY TO MARCH 2002

AREA	Single		Multiple			Total		Chg
	2002	2001	SEMI	ROW	APT	2002	2001	2002/2001
WINNIPEG CMA	221	212	0	6	32	259	233	11.16
WINNIPEG CITY	181	170	0	6	32	219	185	18.38
BRANDON CA	8	3	0	0	6	14	7	**
PORTAGE LA PRAIRIE CA	2	2	0	0	0	2	2	0.00
ST.ANDREWS CA	12	3	0	0	0	12	3	**
THOMPSON CA	0	0	0	0	0	0	0	**
MANITOBA (URBAN)	243	220	0	6	38	287	245	17.14
MANITOBA (RURAL)	185	99	0	10	0	195	101	93.07
MANITOBA (TOTAL)	428	319	0	16	38	482	346	39.31

** indicates a greater than 100 per cent change

Table 2
MANITOBA HOUSING COMPLETIONS BY AREA
1ST QUARTER 2002

AREA	Single		Multiple			Total		Chg
	2002	2001	SEMI	ROW	APT	2002	2001	2002/2001
WINNIPEG CMA	131	202	0	0	0	131	210	-37.62
WINNIPEG CITY	90	134	0	0	0	90	142	-36.62
BRANDON CA	9	6	0	0	6	15	14	7.14
PORTAGE LA PRAIRIE CA	7	11	0	0	0	7	11	-36.36
ST.ANDREWS CA	7	7	0	0	0	7	7	0.00
THOMPSON CA	1	0	0	0	0	0	0	**
MANITOBA (URBAN)	155	226	0	0	6	161	242	-33.47
MANITOBA (RURAL)	329	453	7	26	0	362	455	-20.44
MANITOBA (TOTAL)	484	679	7	26	6	523	697	-24.96

Table 2b
MANITOBA HOUSING COMPLETIONS BY AREA
JANUARY TO MARCH 2002

AREA	Single		Multiple			Total		Chg
	2002	2001	SEMI	ROW	APT	2002	2001	2002/2001
WINNIPEG CMA	131	202	0	0	0	131	210	-37.62
WINNIPEG CITY	90	134	0	0	0	90	142	-36.62
BRANDON CA	9	6	0	0	6	15	14	7.14
PORTAGE LA PRAIRIE CA	7	11	0	0	0	7	11	-36.36
ST.ANDREWS CA	7	7	0	0	0	7	7	0.00
THOMPSON CA	1	0	0	0	0	1	0	**
MANITOBA (URBAN)	155	226	0	0	6	161	242	-33.47
MANITOBA (RURAL)	329	453	7	26	0	362	455	-20.44
MANITOBA (TOTAL)	484	679	7	26	6	523	697	-24.96

** indicates a greater than 100 per cent change

Table 3
PROVINCE OF MANITOBA - CENTRES OF 50,000 POPULATION AND OVER
SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - 1ST QUARTER

	< \$100,000	\$100,000 -119,999	\$120,000 -149,999	\$150,000 -199,999	\$200,000 -249,999	\$250,000 +	Total
WINNIPEG CMA	10	8	23	82	24	23	170
WINNIPEG CITY	3	7	13	68	17	8	116
RURAL MUNICIPALITIES	7	1	10	14	7	15	54

Table 3b
PROVINCE OF MANITOBA - CENTRES OF 50,000 POPULATION AND OVER
SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - JANUARY TO MARCH

	< \$100,000	\$100,000 -119,999	\$120,000 -149,999	\$150,000 -199,999	\$200,000 -249,999	\$250,000 +	Total
WINNIPEG CMA	14	7	57	88	19	30	215
WINNIPEG CITY	4	0	45	66	13	17	145
RURAL MUNICIPALITIES	10	7	12	22	6	13	70

RESIDENTIAL CONSTRUCTION DIGEST

CMHC's new monthly **Residential Construction Digest** delivers all the housing statistics you asked for, right down to the local market level! New for 2001, we have designed this product with your input, to meet your needs. You told us you wanted a detailed breakdown each month of housing statistics for single and multi-family markets, broken down by price range and by area of the city.

The new Residential Construction Digest delivers!

Each month, over 60 tables reveal the housing market in great detail: Housing trends made crystal clear, to help you identify new opportunities. For added convenience each report is distributed electronically in PDF format with hotlinks allowing you to quickly get the information you need with a click of your mouse.

Each Report is Available for the
Low Annual Price of \$350.00 plus GST
**To subscribe to, or receive a free sample of, the Residential
 Construction Digest,**
please call (877) 722-2642.

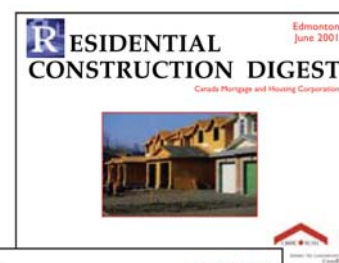


Table 4
PROVINCE OF MANITOBA
UNDER CONSTRUCTION - AS OF END MARCH 2002

AREA	Single		Multiple			Total		Chg 2002/2001
	2002	2001	SEMI	ROW	APT	2002	2001	
WINNIPEG CMA	510	440	28	33	219	790	755	4.64
WINNIPEG CITY	364	297	28	33	219	644	606	6.27
BRANDON	6	5	0	0	0	6	5	20.00
PORTAGE LA PRAIRIE CA	8	9	0	6	0	14	9	55.56
ST.ANDREWS CA	17	16	0	0	0	17	16	6.25
THOMPSON	0	0	0	0	0	0	0	**
MANITOBA (URBAN)	541	470	28	39	219	827	785	5.35
MANITOBA (RURAL)	362	277	0	10	0	372	296	25.68
MANITOBA (TOTAL)	903	747	28	49	219	1199	1081	10.92

Table 4b
PROVINCE OF MANITOBA
COMPLETE NOT OCCUPIED - AS OF END MARCH 2002

AREA	Single		Multiple			Total		Chg 2002/2001
	2002	2001	SEMI	ROW	APT	2002	2001	
WINNIPEG CMA	109	176	7	8	4	128	256	-50.00
CITY ONLY	94	147	7	6	4	111	223	-50.22
RURAL MUNICIPALITIES	15	29	0	2	0	17	33	-48.48



KEEP ON TOP OF THE HOUSING MARKET

CMHC's **Market Analysis Centre** is your best source of Canadian housing analysis and information - information you need for confident business planning and informed decision making. Our knowledge of local housing conditions is backed up by comprehensive surveys and an extensive market intelligence network. Whatever your housing market information needs, we provide the statistics, analysis and forecasts you can rely on.

To find out more about our product line and customized data services call **(403) 515-3006**

**Table 5
MANITOBA
HOUSING ACTIVITY SUMMARY**

Activity	Ownership					Rental				Total
	Freehold			Condominium		Private		Assisted		
	Single ¹	Semi ¹	Row	Row	Apt	Row	Apt	Row	Apt	
STARTS										
Ist Quarter 2002	243	0	0	6	32	0	6	0	0	287
Ist Quarter 2001	220	0	0	0	15	4	6	0	0	245
Jan. to Mar. 2002	243	0	0	6	32	0	6	0	0	287
Jan. to Mar. 2001	220	0	0	0	15	4	6	0	0	245
UNDER CONSTRUCTION										
March 2002	541	28	0	39	71	0	64	0	84	827
March 2001	470	4	0	14	100	0	197	0	0	785
COMPLETIONS										
Ist Quarter 2002	155	0	0	0	0	0	6	0	0	161
Ist Quarter 2001	226	12	0	0	0	4	0	0	0	242
Jan. to Mar. 2002	155	0	0	0	0	0	6	0	0	161
Jan. to Mar. 2001	226	12	0	0	0	4	0	0	0	242
COMPLETED & NOT ABSORBED²										
March 2002	109	7	0	8	0	0	4	0	0	128
March 2001	176	15	0	9	3	0	53	0	0	256
TOTAL SUPPLY³										
March 2002	650	35	0	47	71	0	68	0	84	955
March 2001	646	19	0	23	103	0	250	0	0	1041
ABSORPTIONS²										
Ist Quarter 2002	170	2	0	3	0	0	2	0	0	177
Ist Quarter 2001	229	3	0	0	4	0	5	0	0	241
12-month Average	109	2	0	2	5	1	22	0	0	141

¹ May include units intended for condominium.

² Centres of 50,000 population and over.

³ Sum of units under construction, complete and unoccupied

DEFINITIONS AND BACKGROUND NOTES



Starts and Completions Survey

The purpose of this survey is to measure new residential construction activity. The common unit of measurement is the “dwelling unit” (as opposed to value).

The Starts and Completion Survey enumerates dwelling units in new structures only; such units being designed for non-transient and year-round occupancy. Thus, excluded from the survey are conversions, vacation homes, cottages and collective type dwellings.

Starts - refer to units where construction has advanced to the footing or foundation stage and in the case of multiples, a start applies to the individual unit.

Under Construction - refers to units that have started but are not complete (i.e. units under construction from the previous month plus starts for the current month minus completions during the current month plus/minus any adjustments to units under construction which may include cancellations of projects, re-initiations of projects and/or changes in tenure status).

Completions - refer to units where all proposed construction work has been performed or in some cases where ninety percent of all construction work is completed and the structure is fit for occupancy.

Completed and Unoccupied - refers to completed units of new construction which have never been occupied or sold (i.e. completed and unoccupied units from the previous month plus completions during the current month minus absorptions for the current month).

Total Supply - refers to the total supply of new units and includes, units under construction and units that are completed but not occupied (i.e. under construction plus completed and unoccupied for the current month).

Absorptions - refers to newly completed units which have been sold or rented. The number of absorptions is obtained from a survey initiated when the structure is completed. Units pre-sold or pre-leased are not included until the completion stage (i.e. completed and unoccupied units from the previous month plus completions for the current month minus completed and unoccupied units for the current month).

Dwelling units have been divided into four categories:

The definition of types of dwellings used are in accordance with those used in the Census.

Single-Detached - This type is commonly called a “single-house”. It comprises only one-dwelling unit which is completely separate on all sides from any other dwelling or structure including linked homes which are attached below ground.

Semi-Detached - In this category each one of two dwellings are located side-by-side in a building and are separated by a common wall extending from ground to roof or by a garage.

Row - This category comprises a one-family dwelling unit in a row of three or more dwellings separated by common or party walls extending from ground to roof.

Apartment and Other - This category includes all dwelling units other than those described above. It includes structures such as: duplexes, double-duplexes, triplexes, row-duplexes, apartments proper and dwellings over or behind a store or other nonresidential structure. In accordance with the definition, single-detached units with legal secondary suites are included in this category.

Geographical coverage of the survey includes all metropolitan areas, census agglomerations and urban centres of 10,000 population and over, as defined by the Census. These areas are enumerated completely each month. The remainder of the branch territory is covered on a sample basis four times a year in March, June, September and December.

Market Absorption Survey

The purpose of this survey is to provide an indication of the short-term demand for home ownership and rental dwellings. The survey is designed to measure the rate at which units are sold or rented after they are completed.

The geographical coverage of the Market Absorption Survey is all metropolitan areas and all urban centres of 50,000 population and over. In the Market Absorption Survey, certain dwellings are excluded for various reasons. These are: dwellings financed by CMHC or NHA Section 6, Non-profit Public and Private initiated housing, which are not subject to normal market criteria and dwellings constructed for model purposes.

Absorption in this report is defined as take up monitored at completions plus those from inventory. For the short term, absorptions are a function of actual completions and inventory levels.

1996 Census Definitions

A **Census Metropolitan Area** refers to the main labour market area of an urbanized core having 100,000 or more population.

A **Census Agglomeration** refers to the region labour market area of an urbanized core housing between 10,000 and 99,999 population. CMA's and CA's are created by Statistics Canada and are usually known by the name of the urban area forming their urbanized core. They contain whole municipalities (or census subdivisions) and are comprised of:

1. Municipalities if (a) at least 40% of the employed labour force living in the municipalities work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.
2. Other municipalities if (a) at least 40% of the employed labour force living in the municipality work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.

© 2002 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission

of Canada Mortgage and Housing Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The information, analyses and opinions

contained in this publication are based on various sources believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibilities.

F

ORECAST

SUMMARY

Canada Mortgage and Housing Corporation

Resale Market

Strong Demand for Housing Reflects Improved Affordability

In 2001, total residential transactions in the Winnipeg CMA rose by 7.3 per cent to reach 9,315 sales. This number of sales represents the highest level of activity since 1996. Though volatile equity markets and a slower economy have produced some uncertainty, these events have not unduly affected the mood of consumers to buy big-ticket items such as housing. On the contrary, nationwide consumer attitudes towards buying a home have rarely been more positive. Consumer confidence reflects the improved affordability of housing in recent years due primarily to exceptionally low mortgage rates—the lowest level in 40 years. People en masse are taking advantage of the cheap financing rates. This, combined with Winnipeg's stable employment conditions, has provided a push to housing markets. In the first two months of 2002, sales were up by 5.3 per cent. The demand for housing, whether homeowner, condominium, or rental, has been outstripping supply for the last several years.



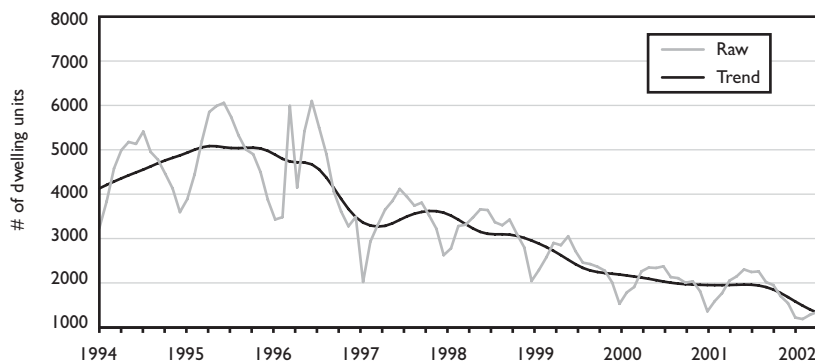
The strength in housing demand is expected to spill over into new home construction because inventories of existing homes for sale have been drawn down to low levels (see Chart 1 - Active Listings Trend), and rental vacancy rates have dropped to cyclical lows. The resulting supply and demand forces are placing upward pressure on house prices in Winnipeg. In 2001, the aggregate average

WINNIPEG SPRING 2002

IN THIS ISSUE :

- 1 **Resale Market:** CMHC expects resale homes in many neighborhoods to experience price appreciation in the range of 4 to 7 per cent.
- 4 **New Home Market:** Residential construction to benefit from hot resale and rental market as move-up buyers look to the new home market to satisfy their housing needs.
- 5 **Economic Overview:** Favorable job prospects will attract new migrants to the city. Construction activity to remain healthy and benefit from low borrowing costs.
- 6 **Rental Market:** Winnipeg's overall vacancy rate continued its downward decline for the fifth consecutive year. CMHC expects further tightening in 2002.
- 6 **Summary Table**

MLS® Active Listings Trend — Winnipeg CMA



*includes Residential Detached and Condominium
Source: CMHC, WREB



HOME TO CANADIANS
Canada

MLS® Resale Market Information RESIDENTIAL DETACHED HOMES

CMHC's Survey Zones:	Sales			Average Days on Market		Average Price		
	2001	2000	% change	2001	2000	2001	2000	% change
Zone 1: Fort Rouge	367	345	6.4%	38	33	76,667	74,625	2.7%
Zone 2: Centennial	131	148	-11.5%	85	60	33,598	29,622	13.4%
Zone 3: Midland	521	492	5.9%	63	52	57,971	54,228	6.9%
Zone 4: Lord Selkirk	622	616	1.0%	69	59	55,145	51,192	7.7%
Inner-city Area	1641	1601	2.5%	61	51	59,136	55,180	7.2%
Zone 5: St. James-Assiniboia	769	689	11.6%	37	34	91,266	89,372	2.1%
Zone 6: West Kildonan	517	521	-0.8%	47	43	95,466	89,417	6.8%
Zone 7: East Kildonan	910	841	8.2%	48	36	83,119	79,210	4.9%
Zone 8: Transcona	407	403	1.0%	27	30	85,395	80,630	5.9%
Zone 9: St. Boniface	550	469	17.3%	47	40	116,799	109,632	6.5%
Zone 10: St. Vital	723	680	6.3%	33	33	109,247	106,163	2.9%
Zone 11: Fort Garry	603	636	-5.2%	36	42	131,457	126,557	3.9%
Zone 12: Assiniboine Park	939	825	13.8%	50	48	154,728	145,395	6.4%
Suburban Area	5418	5064	7.0%	42	39	110,321	104,922	5.1%
Surrounding Rural Municipalities	490	411	19.2%	81	65	136,697	122,231	11.8%
Winnipeg CMA	7549	7076	6.7%	48	43	100,906	94,673	6.6%

Source: WREB, CMHC

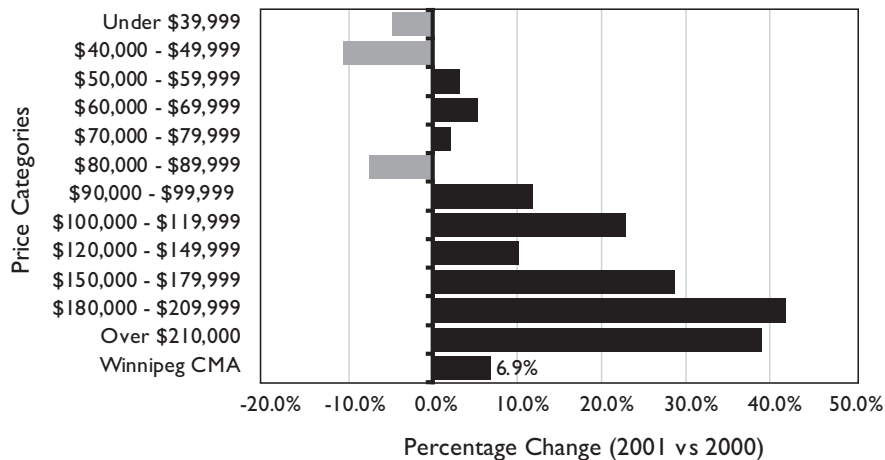
price for existing residential detached homes increased by 6.6 per cent, to \$100,906 (see accompanying table below). It is important to state here that these area average sale price increases do not mean every home is appreciating up at these rates. Area average prices also reflect sales shifts to higher price ranges in an area, another byproduct of the combination of high consumer confidence with low mortgage rates. Consumers are able and willing to buy a house more than they

might have normally. In many cases, they are jumping a few price ranges, leaving the lowest price ranges available with higher inventories. Despite having higher inventories, some of the lower sale price range areas like the North End and West Broadway/West End (east of Arlington) are seeing their average sale prices climb as well.

One key indicator of future price movement is the sales-to-active listings ratio, as it highlights the relative balance between supply and

demand. At the end of the first quarter, the sales-to-active listings ratio hovered above 40 per cent. This would imply that over the near term, certain areas in Winnipeg will experience peaking sales and price growth in excess of inflation. Examining resale activity by price range, the three categories that experienced the highest sales growth occurred for homes in the \$150,000 and over price ranges. Overall, price growth was registered across all survey zones. This momentum is expected to continue as current housing market conditions are not anticipated to change over the near term. For the first quarter of 2002, a number of MLS® areas throughout all four quadrants of Winnipeg experienced year-over-year average single-family home price increases in the double digits. Examples of MLS® area neighbourhoods that went up significantly include Fort Rouge/Riverview up 14 per cent, Crescentwood/Osborne Village up 25 per cent, East Kildonan up 15 per cent, West End (west of Arlington) up 15 per cent, and Garden City up 13 per cent. In general, sellers continue to be at an advantage and can expect to receive multiple offers from buyers who are forced to move more quickly when finding a suitable home. Prudent buyers will be pre approved for their mortgage, and be prepared to present a quick offer.

MLS® Sales Growth by Price Range — Winnipeg CMA

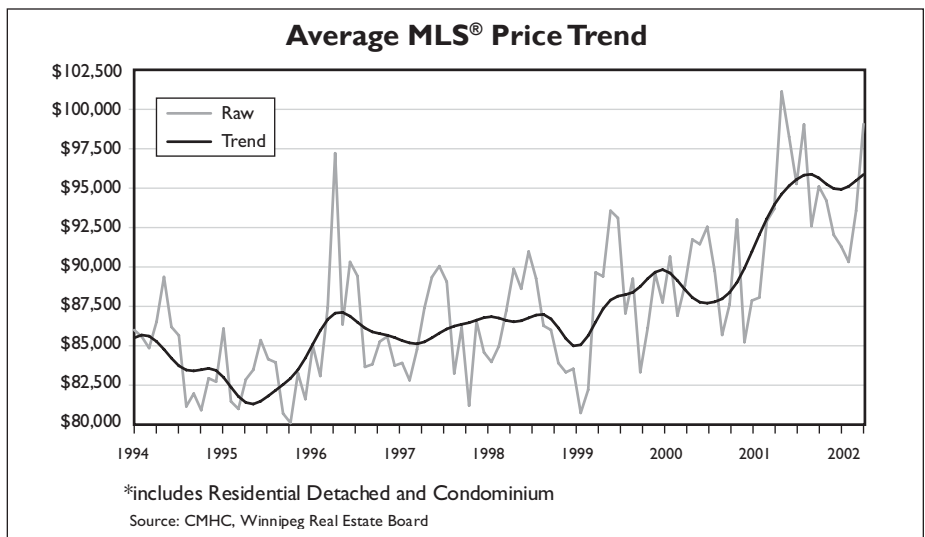
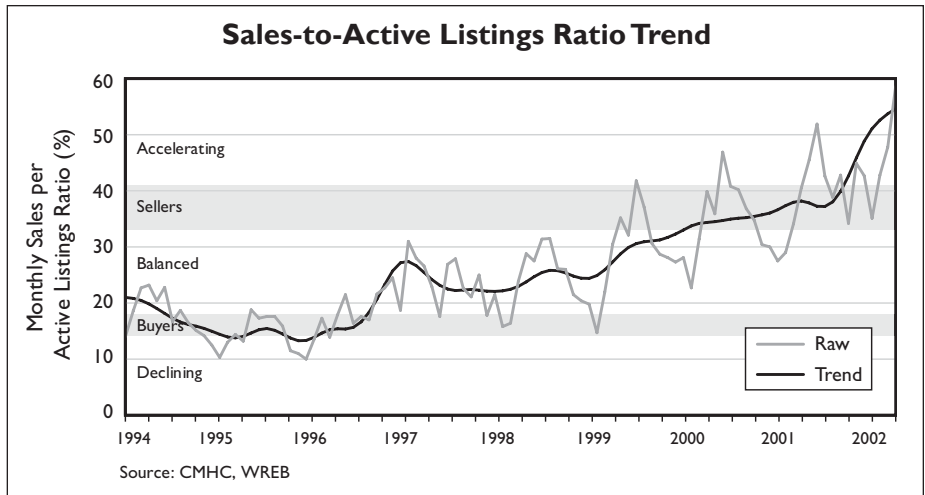


*includes Residential Detached and Condominium

Surrounding Rural Municipalities - Hot Spots in 2001

Winnipeg's surrounding rural municipalities enjoyed the highest gains in resale activity in 2001, up 19 per cent compared to 2000. The majority of the sales growth occurred in four RM's: East St. Paul, Taché, Ritchot, and St. Clement. The growth in sales was also accompanied by a gain in average price of 11.8 per cent. The housing demand in surrounding rural municipalities is attributed to a life style choice. Home buying is not an impulse decision, and consumers weigh a number of factors before jumping into the market. Underlying this very important financial commitment is a sense of confidence in the future and, most importantly, in job prospects. In a recent national poll, Manitobans ranked first in their level of consumer confidence. When only 16 per cent of the respondents say they are worried about a family member losing their job in the next year, it speaks loud and clear to workers feeling secure about their next pay cheque.

Overall, look for total MLS® residential sales to grow by 3.1 per cent in 2002 and attain the 9,600 transaction level for Winnipeg CMA. CMHC is forecasting average residential prices to jump by 3.4 per cent in 2002. With a recovery in new listings anticipated in the latter half of 2002, the supply of available homes for sale is expected to drop by 2.6 per cent in 2002 but rebound by 3.8 per cent in 2003.



The information, analysis and opinions contained in this publication are based on various sources believed to be reliable, but their accuracy cannot be guaranteed. The information, analysis and opinions shall not be taken as representations for which CMHC or any of its employees shall incur responsibility.

WINNIPEG FORECAST SUMMARY is published by Canada Mortgage and Housing Corporation. Duplication of this report in whole or in part is strictly prohibited without permission of the authors and/or the Corporation.

RESIDENTIAL CONSTRUCTION DIGEST

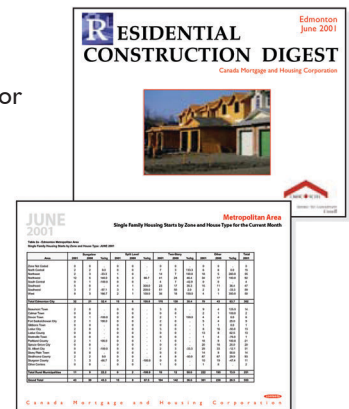
CMHC's new monthly **Residential Construction Digest** delivers all the housing statistics you asked for, right down to the local market level! We have designed this product with your input, to meet your needs. You told us you wanted a detailed breakdown each month of housing statistics for single and multi-family markets, broken down by price range and by area of the city.

The new Residential Construction Digest delivers!

Each month, over 60 tables reveal the housing market in great detail: Housing trends made crystal clear, to help you identify new opportunities. For added convenience each report is distributed electronically in PDF format with hotlinks allowing you to quickly get the information you need with a click of your mouse.

Each Report is Available for the
Low Annual Price of \$350.00 plus GST

To subscribe to, or receive a free sample of, the Residential Construction Digest, please call (877) 722-2642.



New Home Market

Residential Construction to Remain Robust

In 2001, new home starts in Winnipeg's residential construction sector reached 1,473 units. While this represents a 12 per cent jump from the previous year, it remains below the previous five-year average of approximately 1,550 starts. The annual number of new dwellings constructed represents an estimated 0.4 per cent increase to the existing housing stock. The housing stock growth rate is in line with the latest preliminary population estimates that found Winnipeg's population had grown by 0.4 per cent in the last three years. CMHC expects the number of total starts to remain robust at 1,500 new homes per year over the forecast period.

Multiple-Family Construction Rebounds in 2001

Most of the double digit growth experienced in 2001 can be attributed to a rebound in multi-family construction

which produced 235 multiple-family starts compared to the meagre 107 units started in 2000. The relative small level of multiple-family activity makes it prone to large bouts of volatility. For example, in the last three years, the proportion of multiple-family starts varied between 8 per cent and 32 per cent of all starts. In addition, the level of growth has gone from minus 81 per cent in 2000 to positive 120 per cent in 2001. Most multiple-family projects constructed in the last five years have been targeted towards life-lease and condominium tenure. In 2001, the majority of multiple-family starts occurred in four suburban zones, St. James, East Kildonan, St. Boniface, and Assiniboine Park. In light of Winnipeg's aging population, CMHC expects developers of multi-family projects to continue focusing their efforts towards the 55 plus market. Multiple-family construction is forecasted to reach 275 units in 2002 and rise to 300 units in 2003.

Single-Family Homes Construction Maintains a Steady Pace

For the third consecutive year, single-family home construction recorded some moderate growth. In 2001, single-family starts reached 1,238 units, up 2.3 per cent. The demand for new home was supported by low mortgages, steady employment gains, and tight resale and rental market conditions. Construction of new single-family dwellings varied throughout the city, with the bulk of the activity located in the suburbs where all 34 new subdivisions can be found. With 206 single-family starts, St. Boniface (home to Royalwood, Island Lakes, Southland Park and Southdale Estates subdivisions) recorded the largest number of starts, followed by Fort Garry (home to Whyte Ridge and Richmond West subdivisions) with 199 starts.

When examining sales of new homes in Winnipeg CMA, the most popular house

New Home Market Information HOUSING STARTS

CMHC's Survey Zones	Single-family			Multiple-family			Total starts		
	2001	2000	% change	2001	2000	% change	2001	2000	% change
Zone 1: Fort Rouge	4	4	0%	2	6	-67%	6	10	-40%
Zone 2: Centennial	0	0	..	0	0	..	0	0	..
Zone 3: Midland	2	0	..	4	0	..	6	0	..
Zone 4: Lord Selkirk	28	9	211%	6	0	..	34	9	278%
Zone 5: St. James-Assiniboia	15	8	88%	56	0	..	71	8	788%
Zone 6: West Kildonan	89	97	-8%	0	0	..	89	97	-8%
Zone 7: East Kildonan	65	75	-13%	84	0	..	149	75	99%
Zone 8: Transcona	29	36	-19%	0	2	-100%	29	38	-24%
Zone 9: St. Boniface	206	159	30%	40	13	208%	246	172	43%
Zone 10: St. Vital	120	143	-16%	6	18	-67%	126	161	-22%
Zone 11: Fort Garry	199	187	6%	6	2	200%	205	189	8%
Zone 12: Assiniboine Park	149	145	3%	25	66	-62%	174	211	-18%
Winnipeg City	906	863	5%	229	107	114%	1135	970	17%
East St. Paul, R.M.	95	97	-2%	0	0	..	95	97	-2%
West S. Paul, R.M.	23	32	-28%	0	0	..	23	32	-28%
Ritchoy, R.M.	11	12	-8%	0	0	..	11	12	-8%
St. François-Xavier, R.M.	9	8	13%	0	0	..	9	8	13%
Springfield, R.M.	49	50	-2%	0	0	..	49	50	-2%
Rosser, R.M.	0	3	-100%	0	0	..	0	3	-100%
Tache, R.M.	48	40	20%	0	0	..	48	40	20%
Headingly, R.M.	40	28	43%	0	0	..	40	28	43%
St. Clements, R.M.	36	60	-40%	6	0	..	42	60	-30%
Brokenhead, R.M.	21	17	24%	0	0	..	21	17	24%
Surrounding Rural Municipalities	332	347	-4%	6	0	##	338	347	-3%
Winnipeg CMA	1238	1210	2%	235	107	120%	1473	1317	12%

Source: CMHC

type was a bungalow with 47 per cent of sales, followed by two-story home with 29 per cent of sales. The median price for bungalows was \$168,140 while the median price for a two-story was \$ 183,963.

Looking ahead to 2002 and 2003, major factors to affect the new home market are: (1) anticipated rise in mortgage rates, albeit remaining low by historical standards, (2) an increasingly tight

resale market encouraging buyers to consider the new home market for their housing needs, (3) strong consumer confidence as a result of wage gains and tight labour markets, and (4) change in migratory balance. As a result, single-family starts will remain very close to the levels seen over the past three years. CMHC is forecasting single-family starts to total about 1,225 units in 2002, and 1,200 units in 2003.

For More Information,
please Contact:
David Stansen, MBA
Senior Market Analyst
Telephone: (204) 983-5648
E-mail: dstansen@cmhc-schl.gc.ca

Economic Overview

Housing Market Bolstered by Low Mortgage Rates

In 2001, average employment in the Winnipeg CMA increased by 6,500 positions, the highest gain since 1998. Despite a seasonal loss of jobs in the first three months of 2002, Winnipeg employed 3,000 more people than the first quarter of 2001. The recent job losses, combined with a slight increase in the labour force, pushed the unemployment rate for March 2002 up to 6.0 per cent, 0.8 percentage points higher than the previous year. While this may paint a weaker picture for the Winnipeg economy, it must be said that the recent job losses are seasonal, and solid employment gains are expected during the summer months. With Winnipeg's help wanted index (HWI) at healthy levels, the growing participation in the labour force can be attributed to an increasing number of people reentering the job market as the prospects for future employment improve.

The number of people employed in full-time positions was 8,000 higher in the first quarter of 2002 compared to the same period last year. Conversely, the number of people employed in part-time jobs was 3,800 lower, representing a decrease of 3.8 per cent. This is particularly good news for the housing industry, as both the resale and new housing markets are always stimulated by an increase in the number of people with full-time jobs.

A closer examination of employment patterns reveals that both the rental and housing markets should continue to expect stable demand as key age groups witnessed gains in full-time employment. In the first quarter of 2002, those aged 25-44 had a 1.8 per cent increase in full-time jobs over the previous year, while the 45-64 age group experienced

a 3.9 per cent increase in full-time jobs during the same period. Both these age groups are important for the new and resale housing market. The improving job situation for those in the 45-64 age group should provide a boost in the demand for condominiums, especially since many in this age group include empty-nesters and those approaching retirement. In terms of the rental market, those aged 15-24 recorded 1,400 more full-time jobs in the first quarter of 2001, for an increase of 4.8 per cent. As a result of such gains, new household formation occurs providing further tightening of the rental market for the rest of 2002. As younger households typically have no equity and little savings, rental accommodations are often the only option to meet their housing requirements.

Examining employment by sector reveals that both the goods producing and service sector in Winnipeg recorded higher employment levels in the first quarter of 2002 compared to the same time last year. In the first three months of 2002, the goods-producing sector recorded a modest increase of less than one per cent compared to the first three months of 2001. Despite some announcements of layoffs for Boeing Canada and New Flyer Industries, Winnipeg continues to record gains in manufacturing employment. This bodes well for the future of this sector, particularly with the recent announcement of new contracts in the aerospace industry as well as the construction of a new plant by Acscion Industries to repair and manufacture aircraft parts.

Meanwhile, the service-based sector in Winnipeg moved ahead this quarter with

a 1.5 per cent increase in employment over the previous year, particularly important considering this sector makes-up 80 per cent of the work force. Year-over-year gains occurred in trade, retail trade, health care and management, and administration support services. Though average weekly earnings in this sector remain unchanged at about \$562, there were some significant weekly earning gains for Management and Administrative support, Finance, Insurance, Real Estate as well as Professional and Technical services.

Expect continued Employment Growth for rest of 2002

Though not totally immune, the well-diversified economy of Manitoba, including Winnipeg, managed to withstand much of the economic slowdown of the past few months. Following an economic growth rate of 1.4 per cent in 2001, the third highest in the country, the province is expected to post an improved performance over the balance of the year. Provincial GDP is expected to increase by 1.8 per cent in 2002, boosting overall employment by less than one per cent.

Despite marginal increases over the balance of the year, mortgage rates, on average, will fall below 2001 levels. This, combined with continued, albeit modest, job growth and improving consumer confidence will help maintain demand in the resale and new housing market for the rest of 2002. Meanwhile, with further tightening in the rental market and diminished supply in Winnipeg's resale market, expect some spill over into the new home market.

Rental Market

Winnipeg's apartment vacancy rate for privately initiated rental units continued its downward decline for the fifth consecutive year. It fell to 1.4 per cent in October 2001 from 2.0 per cent in October 1999. The current vacancy rate represents the lowest rate since 1986. Employment growth, improving migratory balance, and changes in the age structure of the population are seen as contributors to rental demand. These trends, combined with a lack of new rental

construction, is expected to exert further downward pressure on the vacancy rate in 2002. CMHC is forecasting the apartment vacancy rate to tighten to 1.2 per cent by October 2002. Given that the majority of Winnipeg's rental stock falls within the rental guideline purview, it is reasonable to assume that average rental rate will rise by the allowable 2.0 per cent in 2002. One- and two-bedroom average rents should increase to \$485 and \$617 respectively.

FORECAST SUMMARY Winnipeg Census Metropolitan Area

	1996	1997	1998	1999	2000	2001	Change 01/00	2002*	Change 02/01	2003*	Change 03/02
RESALE MARKET**											
MLS® Active Listings ¹	4,450	3,395	3,182	2,454	2,039	1,900	-6.8%	1,850	-2.6%	1,920	3.8%
MLS® Sales											
Residential Detached	7,571	7,349	7,377	7,274	7,076	7,549	6.7%	7,700	2.0%	7,420	-3.6%
Condominium	897	902	779	864	824	970	17.7%	1,000	3.1%	960	-4.0%
Total Residential ²	9,614	8,959	8,836	8,912	8,684	9,315	7.3%	9,600	3.1%	9,000	-6.3%
MLS® Price											
Residential Detached	\$90,957	\$91,585	\$92,469	\$93,315	\$94,673	\$100,669	6.3%	\$105,000	4.3%	\$109,500	4.3%
Condominium	\$71,002	\$69,538	\$73,325	\$78,556	\$76,803	\$79,707	3.8%	\$82,500	3.5%	\$85,000	3.0%
Total Residential ²	\$86,355	\$86,478	\$87,809	\$88,304	\$89,073	\$94,736	6.4%	\$98,500	4.0%	\$102,250	3.8%

NEW HOME MARKET

Starts (units)											
Single-family	918	1,283	1,192	1,204	1,210	1,238	2.3%	1,225	-1.1%	1,200	-2.0%
Multiple-family	297	349	385	568	107	235	119.6%	275	17.0%	300	9.1%
Total	1,215	1,632	1,577	1,772	1,317	1,473	11.8%	1,500	1.8%	1,500	0.0%
Median New House Price											
Bungalow	\$129,000	\$136,700	\$142,000	\$143,925	\$162,000	\$168,140	3.8%	\$172,000	2.3%	\$175,000	1.7%
Two-storey	\$150,000	\$169,950	\$176,475	\$166,900	\$179,900	\$183,963	2.3%	\$187,000	1.7%	\$192,000	2.7%

RENTAL MARKET

Vacancy rate (%)	6.0	5.9	4.0	3.0	2.0	1.4		1.2		1.2	
Rental Rate: 1 Bedroom	441	446	453	456	473	476	0.6%	485	1.9%	495	2.1%
2 Bedroom	567	568	574	582	588	605	2.9%	617	2.0%	630	2.1%

ECONOMIC OVERVIEW

Mortgage rate: 1 yr term	6.27	5.54	6.5	6.81	7.85	6.14		5.36		6.52	
3 yr term	7.36	6.56	6.77	7.38	8.17	6.88		6.81		8.09	
5 yr term	7.94	7.07	6.93	7.56	8.35	7.41		7.62		8.44	
Population (Stats Canada)	666,761					670,902	0.6%				
Employed	330,917	331,842	343,133	345,467	351,150	357,683	1.9%	360,000	0.6%	365,000	1.4%
Employment growth (new jobs)	-2,116	925	11,291	2,334	5,683	6,533		2,317		5,000	

Legend: * CMHC Forecast

¹ Annual average based on monthly listings

² Includes Residential Detached, Condominium, Single-attached, Duplex, Mobile Home, and Town House

³ Interprovincial migration + International immigration + Intraprovincial migration

Source: CMHC, Statistics Canada, Winnipeg Real Estate Board, Canadian Real Estate Association

** Resale data has been taken from the Sold and Expired Book produced by the WREB

© 2002 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission

of Canada Mortgage and Housing Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The information, analyses and opinions

contained in this publication are based on various sources believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibilities.