

## YOUR LINK TO THE HOUSING MARKET

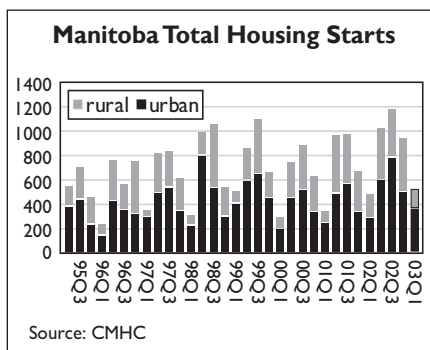
Canada Mortgage and Housing Corporation

**New Home Market****First quarter housing starts still growing**

During the first three months of 2002, residential construction activity recorded a total of 520 starts across the province of Manitoba, an increase of almost eight per cent over the first quarter results of 2002. While this marks the best first quarter performance since 1990, it does represent a slow down in the pace of growth since the first quarter of 2002 when starts were 39 per cent greater than the same quarter of 2001. Starts in urban areas have started the year with a stronger showing than in the rural areas, urban housing starts are almost 25 per cent ahead of first quarter results for 2002, while rural starts are down almost 17 per cent over the same period. It should be noted, however, that rural housing starts had a very strong first quarter last year. Urban starts, at 358 units, represent almost 69 per cent of all starts in Manitoba, with the rural share, at 162 units, being 31 per cent. Rural areas have seen an increase in multiple-family activity this quarter, posting 22 units, and more than doubling results posted during the first quarter of 2002.

**City of Winnipeg Starts leading growth**

For the first three months of this year, residential construction activity in the province was dominated by single-family dwellings, at 450 units, this housing type accounting for 87 per cent of all starts in the province. In turn the Winnipeg CMA dominated starts activity in the province's urban centres and, of these, posted the highest percentage change with single-family starts being almost 30 per cent ahead of this time last year. Examining other urban centres, Brandon posted an increase of 21 per cent over the first quarter of last year while the other centres of Portage la Prairie, St. Andrews and Thompson recorded decreases or no change in activity over the same period.



Multiple-family starts activity in the urban centres has been exclusively within the City of Winnipeg, and at 48 units in the first three months of 2003, starts are almost 26 per cent ahead of the first quarter of last year. Apartment building construction for condominiums has been the dominant housing style within the multiple-family starts in Winnipeg this past quarter.

**Demand for new homes remains firm**

The number of housing units under construction in the Province of Manitoba in the first quarter of 2003 is up by 16 per cent over this time last year. Most of this increase can be attributed to growth in the number of units under construction in urban centres which is up 37 per cent year over year for the first quarter of 2003, while the number of units under construction in rural areas is down almost 30 per cent over the same period. At the end of March 2003, the number of single-family homes under construction in urban centres stood at 816, an increase of 51 per cent over the end of March 2002. The total supply however, which includes homes currently under construction and the standing inventory of homes completed and unabsorbed, only increased by 40 per cent

FIRST QUARTER 2003

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ISSUE:

## ANALYSIS

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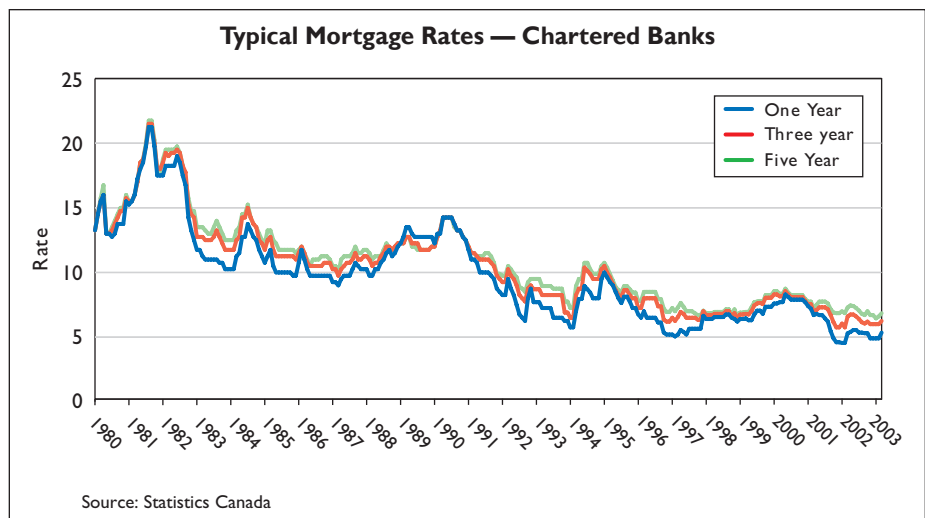


over the same period due to a decrease of 15 per cent in the number of unabsorbed homes. The number of absorptions of single family homes has decreased slightly by 16 per cent this past quarter when compared to the first quarter of 2002. Absorptions were down across all price categories, with the exception of product over \$250,000 which saw a year over year increase of 44 per cent. Despite this relative decline, builders expect most homes currently under construction to be absorbed upon completion as demand for new single family homes remains strong.

## Gains are in part-time employment

Employment in Manitoba has seen year over year gains every month since September of 2001. Recent statistics indicate that 2,400 more people were employed during the first quarter of 2003, compared to the same time last year. These recent gains however have been mainly in part time jobs where there were 3,700 more jobs during the first three months of 2003 compared to the first quarter of 2002. Full time jobs on the other hand saw a loss of 1,300 jobs during the same period. However, there were strong full-time employment gains in the early part of 2002 which, combined with historically low mortgage rates, should bode well for housing markets in 2003.

In terms of provincial employment by sector, the service-based economy recorded higher employment levels. From January to March of 2003, there were 7,800 more people employed in this sector, while the goods-producing sector recorded a loss of about 3,500 positions during this same period. In the service-based economy, sectors that



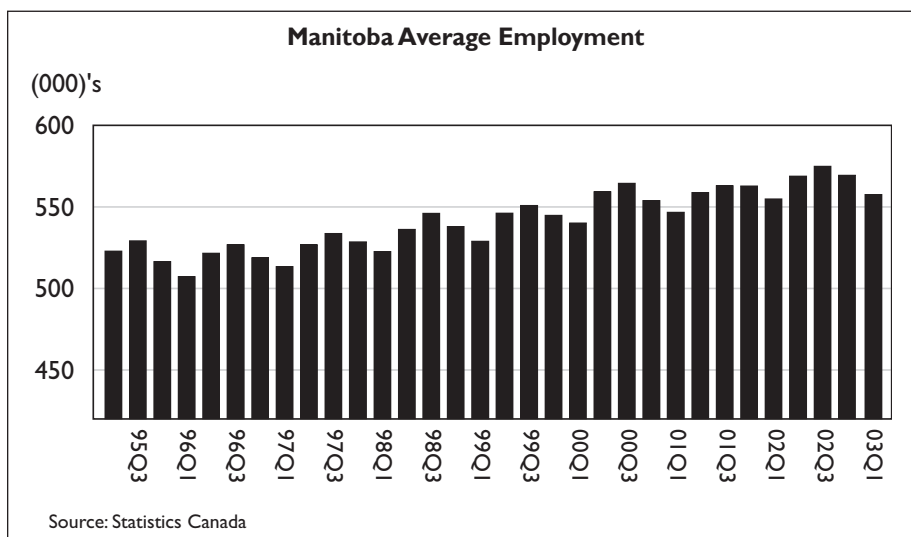
witnessed increases include health care and social assistance, management and administration as well as education. Sectors that recorded decreases included trade and retail. Although the entire goods-producing sector recorded an overall loss, there were still some key sectors with positive increases, such as machinery manufacturing, agriculture, and food manufacturing.

During the first quarter of 2003, some regions of the Province saw more employment gains than others. The North Central region, which includes Portage La Prairie had the largest increase in employment levels, reaching year-over-year gains of 1,400 positions, representing an average increase of six per cent. The next highest increase was in the Interlake, with year-over-year average growth of 2,100 positions or 5.2 per cent. Other regions recording year-over-year employment gains, included the South Central region and the Southwest (Brandon and region)

with increases of 2.2 and 1.5 per cent, year over year, respectively. Other regions of the province, including Winnipeg, held employment at or near existing levels.

## Mortgage rates to rise slightly in 2003

With a strong Canadian economy, a stable Canadian dollar and rising inflation, the Bank of Canada will likely continue to pull the reins and raise interest rates in the coming months. As the U.S moves towards economic recovery, interest rates there too will rise and Canadian interest rates are expected to rise along with them in an effort to keep domestic prices stable and maintain the value of the dollar. Short-term mortgage rates move in tandem with the prime rate while mid-and long-term mortgage rates vary in response to the bond market. Mortgage rates are forecast to rise as interest rates head up this year and next. The one, three and five-year closed mortgage rates are expected to be in the 5.00-6.25, 6.00-7.25, 6.5-7.75 per cent range respectively this year. These rates however are low by historical standards and will continue to stimulate the housing market, and given the limited number of listings in the existing home market, many home buyers will be considering the new home market to meet their housing needs.



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**Table I**  
**PROVINCE OF MANITOBA**  
**STARTS ACTIVITY BY AREA - 1ST QUARTER 2003**

AREA	Single		Multiple			Total		Chg
	2003	2002	SEMI	ROW	APT	2003	2002	2003/2002
<b>WINNIPEG CMA</b>	<b>285</b>	<b>221</b>	<b>8</b>	<b>0</b>	<b>40</b>	<b>333</b>	<b>259</b>	<b>28.57</b>
WINNIPEG CITY	235	181	8	0	40	283	219	29.22
BRANDON CA	17	8	0	0	0	17	14	21.43
PORTAGE LA PRAIRIE CA	0	2	0	0	0	0	2	**
ST.ANDREWS CA	8	12	0	0	0	8	12	-33.33
THOMPSON CA	0	0	0	0	0	0	0	**
<b>MANITOBA (URBAN)</b>	<b>310</b>	<b>243</b>	<b>8</b>	<b>0</b>	<b>40</b>	<b>358</b>	<b>287</b>	<b>24.74</b>
<b>MANITOBA (RURAL)</b>	<b>140</b>	<b>185</b>	<b>2</b>	<b>20</b>	<b>0</b>	<b>162</b>	<b>195</b>	<b>-16.92</b>
<b>MANITOBA (TOTAL)</b>	<b>450</b>	<b>428</b>	<b>10</b>	<b>20</b>	<b>40</b>	<b>520</b>	<b>482</b>	<b>7.88</b>

**Table Ib**  
**PROVINCE OF MANITOBA**  
**STARTS ACTIVITY BY AREA - JANUARY TO MARCH 2003**

AREA	Single		Multiple			Total		Chg
	2003	2002	SEMI	ROW	APT	2003	2002	2003/2002
<b>WINNIPEG CMA</b>	<b>285</b>	<b>221</b>	<b>8</b>	<b>0</b>	<b>40</b>	<b>333</b>	<b>259</b>	<b>28.57</b>
WINNIPEG CITY	235	181	8	0	40	283	219	29.22
BRANDON CA	17	8	0	0	0	17	14	21.43
PORTAGE LA PRAIRIE CA	0	2	0	0	0	0	2	**
ST.ANDREWS CA	8	12	0	0	0	8	12	-33.33
THOMPSON CA	0	0	0	0	0	0	0	**
<b>MANITOBA (URBAN)</b>	<b>310</b>	<b>243</b>	<b>8</b>	<b>0</b>	<b>40</b>	<b>358</b>	<b>287</b>	<b>24.74</b>
<b>MANITOBA (RURAL)</b>	<b>140</b>	<b>185</b>	<b>2</b>	<b>20</b>	<b>0</b>	<b>162</b>	<b>195</b>	<b>-16.92</b>
<b>MANITOBA (TOTAL)</b>	<b>450</b>	<b>428</b>	<b>10</b>	<b>20</b>	<b>40</b>	<b>520</b>	<b>482</b>	<b>7.88</b>

\*\* indicates a greater than 100 per cent change

**Table 2**  
**MANITOBA HOUSING COMPLETIONS BY AREA**  
**1ST QUARTER 2003**

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	SEMI	ROW	APT	2003	2002	
<b>WINNIPEG CMA</b>	<b>146</b>	<b>131</b>	<b>2</b>	<b>0</b>	<b>72</b>	<b>220</b>	<b>131</b>	<b>67.94</b>
WINNIPEG CITY	100	90	2	0	72	174	90	93.33
BRANDON CA	19	9	0	0	0	19	15	26.67
PORTAGE LA PRAIRIE CA	7	7	0	4	0	11	7	57.14
ST.ANDREWS CA	32	7	0	0	0	32	7	**
THOMPSON CA	0	10	0	0	0	0	10	**
<b>MANITOBA (URBAN)</b>	<b>205</b>	<b>155</b>	<b>2</b>	<b>4</b>	<b>72</b>	<b>283</b>	<b>161</b>	<b>75.78</b>
<b>MANITOBA (RURAL)</b>	<b>377</b>	<b>329</b>	<b>14</b>	<b>9</b>	<b>0</b>	<b>400</b>	<b>362</b>	<b>10.50</b>
<b>MANITOBA (TOTAL)</b>	<b>582</b>	<b>484</b>	<b>16</b>	<b>13</b>	<b>72</b>	<b>683</b>	<b>523</b>	<b>30.59</b>

**Table 2b**  
**MANITOBA HOUSING COMPLETIONS BY AREA**  
**JANUARY TO MARCH 2003**

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	SEMI	ROW	APT	2003	2002	
<b>WINNIPEG CMA</b>	<b>146</b>	<b>131</b>	<b>2</b>	<b>0</b>	<b>72</b>	<b>220</b>	<b>131</b>	<b>67.94</b>
WINNIPEG CITY	100	90	2	0	72	174	90	93.33
BRANDON CA	19	9	0	0	0	19	15	26.67
PORTAGE LA PRAIRIE CA	7	7	0	4	0	11	7	57.14
ST.ANDREWS CA	32	7	0	0	0	32	7	**
THOMPSON CA	1	1	0	0	0	1	1	0.00
<b>MANITOBA (URBAN)</b>	<b>205</b>	<b>155</b>	<b>2</b>	<b>4</b>	<b>72</b>	<b>283</b>	<b>161</b>	<b>75.78</b>
<b>MANITOBA (RURAL)</b>	<b>377</b>	<b>329</b>	<b>14</b>	<b>9</b>	<b>0</b>	<b>400</b>	<b>362</b>	<b>10.50</b>
<b>MANITOBA (TOTAL)</b>	<b>582</b>	<b>484</b>	<b>16</b>	<b>13</b>	<b>72</b>	<b>683</b>	<b>523</b>	<b>30.59</b>

\*\* 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 2003**

	< \$100,000	\$100,000 -119,999	\$120,000 -149,999	\$150,000 -199,999	\$200,000 -249,999	\$250,000 +	Total
<b>WINNIPEG CMA</b>	<b>5</b>	<b>6</b>	<b>23</b>	<b>59</b>	<b>17</b>	<b>33</b>	<b>143</b>
WINNIPEG CITY	0	4	10	45	13	21	93
RURAL MUNICIPALITIES	5	2	13	14	4	12	50

**Table 3b**  
**PROVINCE OF MANITOBA - CENTRES OF 50,000 POPULATION AND OVER**  
**SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - 1ST QUARTER 2002**

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

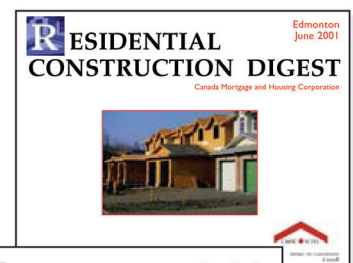
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**JUNE 2001** Metropolitan Area  
 Single Family Housing Starts by Zone and House Type for the Current Month

Zone	Single Detached	Single Attached	Multi-Family	Total
Central	10	5	15	30
North	15	10	20	45
South	12	8	18	38
West	8	4	12	24
East	6	3	9	18
<b>Total</b>	<b>51</b>	<b>30</b>	<b>74</b>	<b>155</b>

**Table 4**  
**PROVINCE OF MANITOBA**  
**UNDER CONSTRUCTION - AS OF END MARCH 2003**

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	SEMI	ROW	APT	2003	2002	
<b>WINNIPEG CMA</b>	<b>794</b>	<b>510</b>	<b>12</b>	<b>8</b>	<b>197</b>	<b>1011</b>	<b>790</b>	<b>27.97</b>
WINNIPEG CITY	595	364	12	8	197	812	644	26.09
BRANDON	14	6	0	4	47	65	6	**
PORTAGE LA PRAIRIE CA	1	8	0	0	47	48	14	**
ST.ANDREWS CA	7	17	0	0	0	7	17	-58.82
THOMPSON	0	0	0	0	0	0	0	**
<b>MANITOBA (URBAN)</b>	<b>816</b>	<b>541</b>	<b>12</b>	<b>12</b>	<b>291</b>	<b>1131</b>	<b>827</b>	<b>36.76</b>
<b>MANITOBA (RURAL)</b>	<b>160</b>	<b>362</b>	<b>14</b>	<b>28</b>	<b>67</b>	<b>269</b>	<b>372</b>	<b>-27.69</b>
<b>MANITOBA (TOTAL)</b>	<b>976</b>	<b>903</b>	<b>26</b>	<b>40</b>	<b>358</b>	<b>1400</b>	<b>1199</b>	<b>16.76</b>

**Table 4b**  
**PROVINCE OF MANITOBA**  
**COMPLETE NOT OCCUPIED - AS OF END MARCH 2003**

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	SEMI	ROW	APT	2003	2002	
<b>WINNIPEG CMA</b>	<b>93</b>	<b>109</b>	<b>3</b>	<b>13</b>	<b>53</b>	<b>162</b>	<b>128</b>	<b>26.56</b>
CITY ONLY	77	94	3	11	53	144	111	29.73
RURAL MUNICIPALITIES	16	15	0	2	0	18	17	5.88



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**Table 5  
MANITOBA  
HOUSING ACTIVITY SUMMARY**

Activity	Ownership					Rental				Total
	Freehold			Condominium		Private		Assisted		
	Single <sup>1</sup>	Semi <sup>1</sup>	Row	Row	Apt	Row	Apt	Row	Apt	
<b>STARTS</b>										
Ist Quarter 2003	310	8	0	0	40	0	0	0	0	358
Ist Quarter 2002	243	0	0	6	32	0	6	0	0	287
Year-To-Date 2003	310	8	0	0	40	0	0	0	0	358
Year-To-Date 2001	243	0	0	6	32	0	6	0	0	287
<b>UNDER CONSTRUCTION</b>										
March 2003	816	12	0	8	113	4	178	0	0	1131
March 2002	541	28	0	39	71	0	64	0	84	827
<b>COMPLETIONS</b>										
Ist Quarter 2003	205	2	0	4	0	0	72	0	0	283
Ist Quarter 2002	155	0	0	0	0	0	6	0	0	161
Year-To-Date 2002	205	2	0	4	0	0	72	0	0	283
Year-To-Date. 2001	155	0	0	0	0	0	6	0	0	161
<b>COMPLETED &amp; NOT ABSORBED<sup>2</sup></b>										
March 2003	93	3	0	13	0	0	37	0	16	162
March 2002	109	7	0	8	0	0	4	0	0	128
<b>TOTAL SUPPLY<sup>3</sup></b>										
December 2003	909	15	0	21	113	4	215	0	16	1293
December 2002	650	35	0	47	71	0	68	0	84	955
<b>ABSORPTIONS<sup>2</sup></b>										
Ist Quarter 2003	143	3	0	1	0	0	35	0	0	182
Ist Quarter 2002	170	2	0	3	0	0	2	0	0	177
12-month Average	114	4	0	2	5	2	11	0	6	144

<sup>1</sup> May include units intended for condominium.

<sup>2</sup> Centres of 50,000 population and over.

<sup>3</sup> 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.



# F

# ORECAST

# SUMMARY

Canada Mortgage and Housing Corporation

## Economic Overview

Annual economic growth in Manitoba will be very close to the Canadian average over the next two years. The economic outlook is based on a resurgence of exports to the United States as that economy picks up steam and sustained levels of consumer spending. At 62 per cent, personal expenditures accounts for a greater portion of the economy in Manitoba compared to the other two Prairie provinces.

A strong job market should be helpful in maintaining an environment in which consumers feel confident to continue their purchasing patterns. Over the forecast period, economic growth will translate into annual employment growth of about 1.3 per cent thereby causing the unemployment rate to dip below five per cent.

Despite the favourable job market, the amount of people leaving Manitoba will continue to outnumber those moving into the province. Most of the emigrants will be seeking job opportunities in Alberta and Ontario. As a result, household growth will not be a major catalyst for housing demand. The current forecast anticipates the count of new households to increase at a sluggish half to one per cent on annual basis.

The recent pattern of job creation also has the potential to create more renter than home ownership households. A substantial portion of the jobs being created appear to be in the lower earning retail trade sector. It takes lower earning households more time to save a down payment to purchase a home.

## WINNIPEG SPRING 2003

### IN THIS ISSUE :

#### 1 Economic Overview

Annual economic growth forecast to follow Canadian average, and job growth will continue at one per cent per annum. Net out-migration will contribute to slow household growth.

#### 1 Resale Market

The number of sales will be restricted in 2003 due to a lack of listings. This lack of supply will continue to put upward pressure on prices with increases forecast to be above the rate of inflation.

#### 3 New Home Market

Residential construction will benefit from a tight resale market as buyers look to new homes as an alternative. Starts will level off and maintain the strong numbers set last year. Multiple-family starts will climb in response to a tight rental market and strong demand from the seniors market.

#### 4 Rental Market

The addition of new rental units through construction and conversion will not be enough to offset losses of units and increases in the number of renter households. This will lead to a further tightening of the already low vacancy rate in 2003.

#### 4 Summary Table

## Resale Market

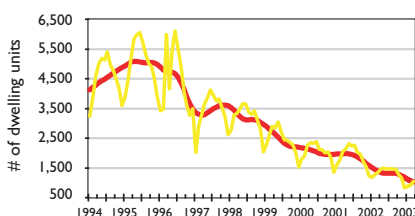
### Lack of listings holding back sales

After a strong performance in 2001, total residential MLS sales in the Winnipeg CMA declined by 4.4 per cent in 2002 to settle at 8,873 units. This was at a time when other major cities in Canada were recording substantial increases. The same factors that have been driving the resale market to new heights in other cities are also present in the Winnipeg market. Consumer confidence, stable employment conditions, the lowest mortgage rates in 40 years have all contributed to the demand for housing. However, in Winnipeg, this demand has been outstripping supply for several months as active listings have been in a steady decline since 1998. As a result of a lack of supply, sales have been restricted. Resale activity in 2003 will continue to be restricted by a lack of supply, as a result the forecast is for sales to level out over the next year. Year-to-date sales for the first three months of 2003 are already four per cent below the performance of the first quarter of 2002. This trend will continue until market forces bring forward new listings.

### Average price to continue to rise

The lack of available listings, coupled with a strong demand for housing is placing upward pressure on house prices. In 2002, the aggregate average price for existing residential detached homes increased by 3.9 per cent to \$104,800 (see table). These increases have been more prevalent in the suburbs where aggregate average price increased

**MLS® Active Listings Trend —  
Winnipeg CMA**



Source: CMHC, WREB  
\*based on Residential and Condominium Sales



HOME TO CANADIANS  
Canada

## MLS® Resale Market Information RESIDENTIAL DETACHED HOMES

CMHC's Survey Zones:	Sales			Average Days on Market		Average Price		
	2002	2001	% change	2002	2001	2002	2001	% change
Zone 1: Fort Rouge	349	367	-4.9%	29	38	84,847	76,667	10.7%
Zone 2: Centennial	133	131	1.5%	73	85	34,618	33,598	3.0%
Zone 3: Midland	562	521	7.9%	63	63	57,243	57,971	-1.3%
Zone 4: Lord Selkirk	712	622	14.5%	60	69	54,767	55,145	-0.7%
Inner-city Area	1756	1641	7.0%	56	61	60,011	59,136	1.5%
Zone 5: St. James-Assiniboia	647	769	-15.9%	26	37	100,170	91,266	9.8%
Zone 6: West Kildonan	516	517	-0.2%	46	47	102,218	95,466	7.1%
Zone 7: East Kildonan	868	910	-4.6%	42	48	88,966	83,119	7.0%
Zone 8: Transcona	401	407	-1.5%	25	27	88,381	85,395	3.5%
Zone 9: St. Boniface	583	550	6.0%	35	47	124,053	116,799	6.2%
Zone 10: St. Vital	661	723	-8.6%	36	33	114,717	109,247	5.0%
Zone 11: Fort Garry	563	603	-6.6%	26	36	139,462	131,457	6.1%
Zone 12: Assiniboine Park	837	939	-10.9%	70	50	166,810	154,728	7.8%
Suburban Area	5076	5418	-6.3%	40	42	117,515	110,321	6.5%
Surrounding Rural Municipalities	477	490	-2.7%	94	81	134,381	136,697	-1.7%
Winnipeg CMA	7309	7549	-3.2%	48	48	104,800	100,906	3.9%

Source: WREB, CMHC

by 6.5 per cent as compared to an increase of only 1.5 per cent in the inner-city. A recent comparison by the Winnipeg Real Estate Board showed that the average price of a benchmark three bedroom bungalow increased by nine per cent between the first quarter of 2002 and the first quarter of 2003. While individual homes may be appreciating in value, part of the increase in average price can be attributed to higher price ranges gaining market share. In fact, when examining resale activity by price range, product above \$120,000 registered year over year gains during the first quarter of 2003. With low mortgage rates making it one of the most affordable times to buy in history, many home buyers find themselves in a position where they

can afford to purchase a more expensive home. While rising mortgage rates may erode sales at the higher end of the price spectrum, the lack of supply in the mid-price range will continue to put upward pressure on prices which are forecast to increase six per cent over the coming year.

### Sellers' market to continue in 2003

The sales-to-active listings ratio is a key measure for assessing the relative balance between supply and demand in the market. At the end of this latest quarter, the overall sales-to-active listings ratio reached a trended value of 68 per cent. This would suggest that the market strongly favours the seller and one can expect that prices will increase at rates beyond the rate of inflation. To put this ratio in perspective there is currently less than two months of supply within Winnipeg's active listings. This lack of supply is most evident in the mid-range of the market where the supply of homes between \$70,000 and \$180,000 hovers at around one month. Sellers with desirable homes in the mid-range of the market can expect to entertain multiple offers on their properties from buyers facing a lack of choice. In fact, during the month of March 2003, 38 per cent of homes sold for list price or greater. As a result of this sellers' market, during the first quarter of 2003, year over year price growth was registered across all survey zones but one, and almost half of those survey zones registered increases in the double digits.

Rising prices and mortgage rates will have an effect on affordability in Winnipeg over the next year. While the average purchase price of a single detached dwelling went up almost five per cent in 2002, lower mortgage rates meant that the gross household income required to carry the mortgage on that average home only increased by only two per cent. The average price of a resale home is forecast to rise another six per cent over the next year, this increase, coupled with even a modest jump of 40 basis points in the mortgage rate, will add almost ten per cent to a monthly principal and interest payment. Therefore the required gross income to purchase a home at the average resale price in Winnipeg, assuming a 10 per cent down payment, would rise from \$24,500 to \$26,900. Despite this increase, Winnipeg is still one of the most affordable centres in Canada. The rise in interest rates may slow activity in the higher price ranges, however a home is still viewed as a stable investment and a continued rise in real disposable income will keep demand firm over the near term.

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# New Home Market

## Pace of residential construction will remain at 2002 levels

2002 marked a 12 year high for housing starts in the Winnipeg CMA as 1,821 housing starts were recorded. This represented an increase of 24 per cent over 2001. The results of the first quarter of 2003 indicate that this pace will be maintained as housing starts in the Winnipeg CMA are 30 per cent higher than the first quarter of 2002. CMHC expects that despite rising mortgage rates, housing starts will remain strong as builders are still responding to pent up demand from last year and continued demand from confident consumers. Therefore, the number of total starts will remain at close to the same level with 1,750 new homes for 2003 before slowing back down to near the ten year average of 1,550 new homes per year in 2004.

### Single-family homes driving construction

In 2002, single-family dwellings represented 84 per cent of new home construction in the Winnipeg CMA. Single-family starts posted 1,528 units, representing an increase of 23 per cent over 2001. Within the City of Winnipeg, almost all single-family construction occurred in the suburban areas. Two zones, being Fort Garry and St. Boniface, account for more than 50 per cent all activity within the city. With 292 starts, Fort Garry recorded the most activity, although the more popular subdivisions in

Fort Garry, being Whyte Ridge and Richmond West, are very nearly completely developed. The second most active zone was St. Boniface with 284 starts where new development phases have been added to the Royalwood and Island Lakes subdivisions.

Looking ahead to the end of 2003, most of the factors that drove single-family housing starts to the recent twelve year high are expected to continue: Consumers will remain confident due to continued low unemployment and wage gains; potential purchasers will turn to the new home market due to the persistence of a lack of listings in the resale market and, although mortgage rates are forecast to increase, they are still low by historical standards and consumers will continue to consider housing as a sound investment to enhance their wealth. As a result, single-family starts will remain very close to the level attained this past year, first quarter results for 2003 are already almost 30 per cent ahead of the first quarter of last year. What may constrain the new home market however is builders' ability to meet demand, labour shortages are expected, especially in the wake of several large construction projects that have been recently announced. In addition, developers are beginning to see shortages in the supply of available serviced lots. Given the lag time for the installation of services it may be several months before supply can be replenished. In

some parts of the city, particularly the south west, subdivisions are nearing capacity and new land is being considered for development, a process that will take one to two years before any new subdivision can take place. Given these conditions, CMHC is forecasting single-family starts to come close to repeating last year's performance in 2003, and total 1,350 units before returning to levels near the ten year average of 1,200 units in 2004.

### Multiple-family construction will climb

After a peak of activity in 1999, multiple-family construction dropped off in 2000 and has been slowly rebounding since. In 2002, the number of multi-family starts within the Winnipeg CMA increased by 25 per cent over 2001. Most multiple-family projects continue to be targeted towards life-lease and condominium tenure and mostly for the seniors' market. Increased multi-family construction for rental tenure is expected to occur in 2003 in response to tight rental market conditions, and a few major projects have already been approved for construction. However, in light of Winnipeg's aging population, CMHC expects developers of multi-family projects to continue to focus their efforts towards the 55 plus market. Multiple-family construction is forecast to rise from 293 units in 2002 to 400 units in 2003.

## New Home Market Information

### HOUSING STARTS

CMHC's Survey Zones	Single-family			Multiple-family			Total starts		
	2002	2001	% change	2002	2001	% change	2002	2001	% change
Zone 1: Fort Rouge	4	4	0%	2	2	0%	6	6	0%
Zone 2: Centennial	0	0	..	0	0	..	0	0	..
Zone 3: Midland	3	2	..	0	4	..	3	6	..
Zone 4: Lord Selkirk	5	28	-82%	0	6	..	5	34	-85%
Zone 5: St. James-Assiniboia	7	15	-53%	0	56	..	7	71	-90%
Zone 6: West Kildonan	103	90	14%	0	0	..	103	90	14%
Zone 7: East Kildonan	72	65	11%	106	84	..	178	149	19%
Zone 8: Transcona	40	29	38%	0	0	..	40	29	38%
Zone 9: St. Boniface	284	206	38%	17	40	-58%	301	246	22%
Zone 10: St. Vital	137	119	15%	34	6	467%	171	125	37%
Zone 11: Fort Garry	292	200	46%	10	6	67%	302	206	47%
Zone 12: Assiniboine Park	167	148	13%	124	25	396%	291	173	68%
Winnipeg City	1118	908	23%	293	229	28%	1411	1137	24%
East St. Paul, R.M.	100	100	0%	0	0	..	100	100	0%
West S. Paul, R.M.	23	22	5%	0	0	..	23	22	5%
Ritchot, R.M.	20	11	82%	0	0	..	20	11	82%
St. François-Xavier, R.M.	5	5	0%	0	0	..	5	5	0%
Springfield, R.M.	68	49	39%	0	0	..	68	49	39%
Rosser, R.M.	4	0	..	0	0	..	4	0	..
Tache, R.M.	52	47	11%	0	0	..	52	47	11%
Headingly, R.M.	35	39	-10%	0	0	..	35	39	-10%
Brokenhead, R.M.	82	36	128%	0	6	-100%	82	42	95%
Surrounding Rural Municipalities	21	21	0%	0	0	..	21	21	0%
Winnipeg CMA	410	330	24%	0	6	-100%	410	336	22%
Source: CMHC	1528	1238	23%	293	235	25%	1821	1473	24%

# Rental Market

Winnipeg's apartment vacancy rate for privately initiated rental units declined again in 2002 for the sixth straight year to settle at 1.2 per cent. Such tight conditions have not been experienced since the mid 1980's when the vacancy rate reached a low of 0.9 per cent. CMHC expects that this rate will decline even further in 2003 to a forecast low of one per cent as several factors will favour the rental market in the next year, such as: recent job growth in the lower earning retail sector which favours renters; a stable renter age population (18-24); and

a diminishing rental stock, as deletions from the inventory outnumber additions through new rental construction. The expected rise in mortgage rates will also deter renters from entering the home ownership market as affordability is affected. For those who can afford to purchase a home, however, the shortage of desirable resale listings, especially in the mid-range of the market, will make it difficult to find a suitable dwelling. Therefore with a growing renter population and a diminishing rental stock, vacancy rates will tighten.

## FORECAST SUMMARY Winnipeg Census Metropolitan Area

	2000	2001	2002	2003*	2004*	Change
<b>RESALE MARKET**</b>						
MLS® New Listings <sup>1</sup>	989	1,012	928	950	1,000	5.3%
Residential MLS® Sales (Total)	8,684	9,315	8,873	8,500	8,500	0.0%
Residential MLS® Sales Price (Average)	89,073	94,736	99,164	105,000	109,000	3.8%
<b>NEW HOME MARKET</b>						
Complete and unoccupied (Dec)	273	172	124	150	155	3.3%
Single-family	189	148	90	100	100	0.0%
Multiple-family (semi, row, apt)	84	24	34	50	55	10.0%
Total Housing Starts	1,317	1,473	1,821	1,750	1,550	-11.4%
Single-family	1,210	1,238	1,528	1,350	1,200	-11.1%
Multiple-family	107	235	293	400	350	-12.5%
Average New House Price						
Single-family All Types	\$175,492	\$183,517	\$198,382	\$202,000	\$205,000	1.5%
<b>RENTAL MARKET</b>						
Vacancy rate (Oct)	2.0%	1.4%	1.2%	1.0%	1.2%	
Rental Rate: (annual % chg) 2bdr.	1.2%	2.9%	2.6%	1.2%	1.5%	
Rental Housing Starts	66	70	179	185	190	2.7%
<b>ECONOMIC OVERVIEW</b>						
Mortgage rate: 1 yr term	7.9%	6.1%	5.2%	5.5%	6.8%	
3 yr term	8.2%	6.9%	6.3%	6.4%	7.6%	
5 yr term	8.4%	7.4%	7.0%	7.0%	8.2%	
Employed (000's)	351	358	362	366	370	1.0%
Employment growth (new jobs)		7	5	4	4	
Net-migration	261	-133	-970	-450	-450	

Legend: \* CMHC Forecast

<sup>1</sup> Annual average based on monthly listings

<sup>2</sup> Includes Residential Detached, Condominium, Single-attached, Duplex, Mobile Home, and Town House

<sup>3</sup> 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

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