

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

New Home Market

Starts show no sign of slowing

Despite a cold start to the year, Manitoba housing starts continued at the torrid pace set in the last quarter of 2003 and posted a 16 per cent year-over-year gain in the first quarter of 2004. At 604 units, this represents the best first quarter performance since 1990. Gains were slightly greater in rural areas where total starts in the first three months of 2004 were 23 per cent ahead of where they were after the first three months 2003. Total urban housing starts were 13 per cent higher over the same period.

Single-family starts lead the way

Single-family starts led growth in the first quarter of 2004 with a gain of 20 per cent over the first quarter of 2003. While significant gains were felt across the province, rural starts outshone starts in the urban centres. After posting a year-over-year loss in the first quarter of 2003, rural single-family starts grew by 34 per cent in the first quarter of 2004, and at 187 homes, levels are now back to that achieved in 2002. As for the urban areas, single-family starts in the city of Winnipeg, which comprise 83 per cent of all urban starts, accounted for all growth in the first quarter. There were 293 starts in the city

of Winnipeg during the first three months of 2004, 25 per cent more than recorded during the same period of 2003. Most of the urban areas of the province outside the city of Winnipeg recorded a slow down in overall activity, with the largest drop being felt in the Brandon CA.

Multiple-family starts held back

While single-family starts continue to gain ground in the first quarter of this year, multiple-family starts seem to have stalled. At 65 units province-wide, there were seven per cent fewer multiple-family homes started in the first three months of 2004 than in the same period of 2003. In rural Manitoba, 12 units have broken ground so far this year compared to the same period last year when there were 22 units started, representing a decline of 46 per cent. In urban centres, thanks to a strong first quarter in Brandon, multiple-family starts for the first three months of 2004 are up 10 per cent in a year-over-year comparison. In Winnipeg, where the bulk of activity occurred last year, multiple-family starts have barely begun to register and are down 60 per cent after one quarter of activity. This is not likely to continue as multiple-family starts in Winnipeg are expected to remain strong. At the end of March 2004 there were 585 multiple units under construction, this representing one of the highest levels of activity in thirteen years. As these projects are completed, it is expected that construction crews can then be shifted to new projects and starts will be re-ignited. Many of the same factors that drove the market last year remain in place in 2004 including low vacancy rates in the rental market and demand for seniors' condominiums.

FIRST QUARTER 2004

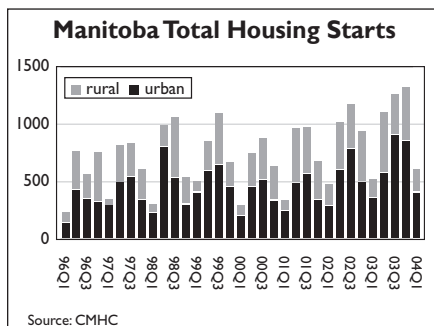
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Completed units absorbed quickly

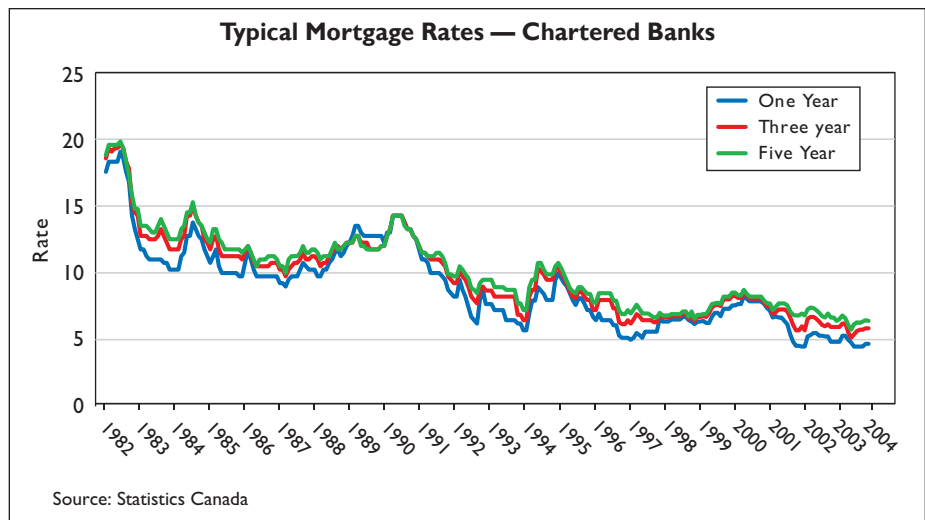
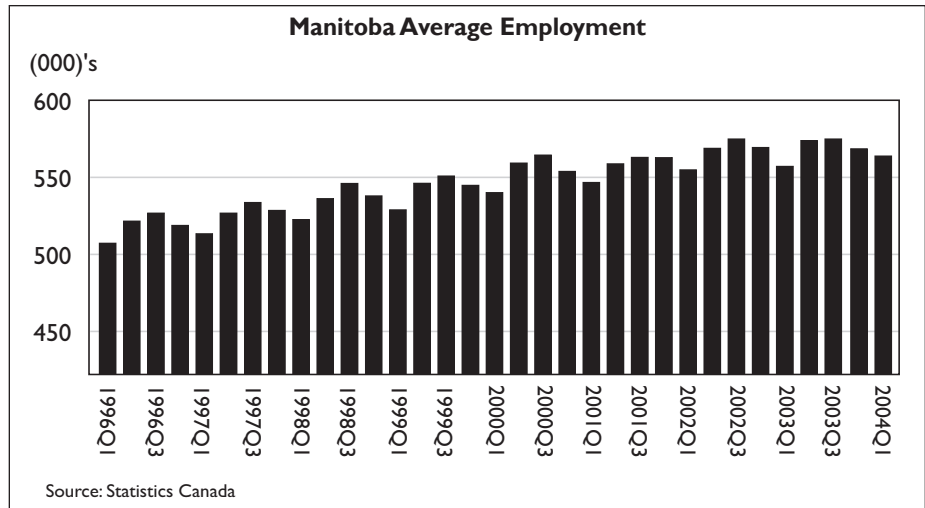
With the current high level of activity, the number of dwellings under construction province-wide at the end of March 2004 was 27 per cent greater than it was at the end of March 2003. Single-family homes under construction were up 17 per cent at the end of the first quarter compared to the same time last year, but the biggest jump is in the number of multi- units under construction. At the end of March 2004 there were 635 multiple-family units under construction, 50 per cent more than at the end of March 2003. As a result of construction activity, the total supply of units under construction and units complete and unoccupied was up 30 per cent overall in a year-over-year comparison.

The increase in supply has been met with an increase in the rate of absorption in both the single-family and multiple-family markets. Single-family absorptions are up 58 per cent in the first quarter of 2004 when compared to the first quarter of the previous year. This resulted in an 11 per cent drop in the inventory of complete and unoccupied single-family homes in the Winnipeg CMA. After the first three months of the year multiple-family absorptions are more than double that seen in the corresponding period last year, however recent completions put the supply of complete and unoccupied units up 68 per cent over the same time frame.

Gains felt in full-time employment

After a weak performance last year, provincial employment saw a modest increase of 0.6 per cent in the first quarter of 2004 compared to the first quarter of 2003. Gains were stronger in the goods-producing sector where manufacturing and mining have started to rebound, meanwhile, the service producing sector saw a modest decline in employment. Increases came from full-time employment, as there was a decrease in part-time jobs. This is viewed as a positive sign for home-ownership as persons holding full-time employment are more likely to own than rent. Another positive sign for home-ownership is reflected in real gains in average weekly earnings, up almost five per cent after the first quarter.

Manitoba's unemployment rate crept up slightly during the first quarter, but at 5.2 per cent it is still over two and one half points lower than the national average of eight per cent.



Provincial strategies to boost immigration continue to yield favourable results as first quarter immigration levels for 2004 (1,530 individuals) are 38 per cent higher than the same period in 2003 (1,108 individuals). Low unemployment rates have also resulted in fewer Manitobans leaving the province to seek job opportunities. Net migration levels have, therefore, become positive, which contributes to population and household growth in the long term.

Mortgage rate to remain flat

Low inflation, and accommodative monetary policy will keep Canadian interest and mortgage rates low over the next few quarters. As economic growth strengthens this year and into 2005, monetary policy will become less accommodative and short-term Canadian interest rates will rise 50-100 basis points next year. Short term rates will

fall early this year, and begin an upward trend later in the year, remaining flat to modestly higher in 2004. Long-term yields are forecast to increase about 25 basis points later this year after inflation bottoms out and economic growth gains momentum.

U.S. short-term interest rates are also expected to remain low over the next two or three quarters. The Federal Reserve is not expected to increase interest rates until the second half of this year. Short term rates will rise by 25-75 basis points. The long-term interest rates in the U.S. are forecast to rise about 25 basis points this year and increase by 25-75 basis points in 2005.

One, three and five-year posted closed mortgage rates are expected to remain relatively flat, perhaps rising 25 basis points. Next year these rates will increase further and are expected to be in the 4.25-5.25, 5.75-6.75, 6.25-7.25 per cent range respectively

Table I
PROVINCE OF MANITOBA
STARTS ACTIVITY BY AREA - 1ST QUARTER 2004

AREA	Single		Multiple			Total		Chg
	2004	2003	SEMI	ROW	APT	2004	2003	2004/2003
WINNIPEG CMA	333	285	16	3	0	352	333	5.71
WINNIPEG CITY	293	235	16	3	0	312	283	10.25
BRANDON CA	12	17	0	0	34	46	17	**
PORTAGE LA PRAIRIE CA	0	0	0	0	0	0	0	**
ST.ANDREWS CA	7	8	0	0	0	7	8	-12.50
THOMPSON CA	0	0	0	0	0	0	0	**
MANITOBA (URBAN)	352	310	16	3	34	405	358	13.13
MANITOBA (RURAL)	187	140	12	0	0	199	162	22.84
MANITOBA (TOTAL)	539	450	28	3	34	604	520	16.15

Table Ib
PROVINCE OF MANITOBA
STARTS ACTIVITY BY AREA - JANUARY TO MARCH 2004

AREA	Single		Multiple			Total		Chg
	2004	2003	SEMI	ROW	APT	2004	2003	2004/2003
WINNIPEG CMA	333	285	16	3	0	352	333	5.71
WINNIPEG CITY	293	235	16	3	0	312	283	10.25
BRANDON CA	12	17	0	0	34	46	17	**
PORTAGE LA PRAIRIE CA	0	0	0	0	0	0	0	**
ST.ANDREWS CA	7	8	0	0	0	7	8	-12.50
THOMPSON CA	0	0	0	0	0	0	0	**
MANITOBA (URBAN)	352	310	16	3	34	405	358	13.13
MANITOBA (RURAL)	187	140	12	0	0	199	162	22.84
MANITOBA (TOTAL)	539	450	28	3	34	604	520	16.15

** indicates a greater than 100 per cent change

Table 2
MANITOBA HOUSING COMPLETIONS BY AREA
1ST QUARTER 2004

AREA	Single		Multiple			Total		Chg
	2004	2003	SEMI	ROW	APT	2004	2003	2004/2003
WINNIPEG CMA	154	146	2	9	117	282	220	28.18
WINNIPEG CITY	107	100	2	9	117	235	174	35.06
BRANDON CA	9	19	0	0	0	9	19	-52.63
PORTAGE LA PRAIRIE CA	7	7	0	0	0	7	11	-36.36
ST.ANDREWS CA	9	32	0	0	0	9	32	-71.88
THOMPSON CA	0	10	0	0	0	0	10	**
MANITOBA (URBAN)	179	205	2	9	117	307	283	8.48
MANITOBA (RURAL)	486	377	6	0	100	592	400	48.00
MANITOBA (TOTAL)	665	582	8	9	217	899	683	31.63

Table 2b
MANITOBA HOUSING COMPLETIONS BY AREA
JANUARY TO MARCH 2004

AREA	Single		Multiple			Total		Chg
	2004	2003	SEMI	ROW	APT	2004	2003	2004/2003
WINNIPEG CMA	154	146	2	9	117	282	220	28.18
WINNIPEG CITY	107	100	2	9	117	235	174	35.06
BRANDON CA	9	19	0	0	0	9	19	-52.63
PORTAGE LA PRAIRIE CA	7	7	0	0	0	7	11	-36.36
ST.ANDREWS CA	9	32	0	0	0	9	32	-71.88
THOMPSON CA	0	1	0	0	0	0	1	**
MANITOBA (URBAN)	179	205	2	9	117	307	283	8.48
MANITOBA (RURAL)	486	377	6	0	100	592	400	48.00
MANITOBA (TOTAL)	665	582	8	9	217	899	683	31.63

** 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 2004

	< \$100,000	\$100,000 -119,999	\$120,000 -149,999	\$150,000 -199,999	\$200,000 -249,999	\$250,000 +	Total
WINNIPEG CMA	7	18	9	73	37	56	200
WINNIPEG CITY	6	16	2	51	32	36	143
RURAL MUNICIPALITIES	1	2	7	22	5	20	57

Table 3b
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
WINNIPEG CMA	5	6	23	59	17	33	143
WINNIPEG CITY	0	4	10	45	13	21	93
RURAL MUNICIPALITIES	5	2	13	14	4	12	50

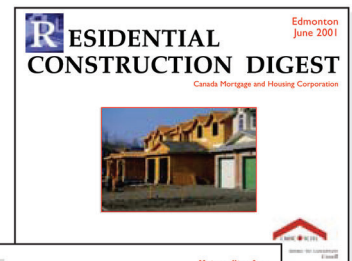
RESIDENTIAL CONSTRUCTION DIGEST

CMHC's 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.

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

Zone	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Edmonton	1,200	1,100	1,300	1,400	1,500	1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600
Winnipeg	800	750	850	900	950	1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
Winnipeg City	600	550	650	700	750	800	850	900	950	1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500	2,600
Winnipeg Rural	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
Other	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Table 4
PROVINCE OF MANITOBA
UNDER CONSTRUCTION - AS OF END MARCH 2004

AREA	Single		Multiple			Total		Chg 2004/2003
	2004	2003	SEMI	ROW	APT	2004	2003	
WINNIPEG CMA	840	794	32	12	541	1425	1011	40.95
WINNIPEG CITY	657	595	32	8	541	1238	812	52.46
BRANDON	16	14	2	0	34	52	65	-20.00
PORTAGE LA PRAIRIE CA	1	1	0	0	0	1	48	-97.92
ST.ANDREWS CA	17	7	0	0	0	17	7	**
THOMPSON	2	0	0	0	0	2	0	**
MANITOBA (URBAN)	876	816	34	12	575	1497	1131	32.36
MANITOBA (RURAL)	270	160	14	0	0	284	269	5.58
MANITOBA (TOTAL)	1146	976	48	12	575	1781	1400	27.21

Table 4b
PROVINCE OF MANITOBA
COMPLETE NOT OCCUPIED - AS OF END MARCH 2004

AREA	Single		Multiple			Total		Chg 2004/2003
	2004	2003	SEMI	ROW	APT	2004	2003	
WINNIPEG CMA	83	93	6	5	105	199	162	22.84
CITY ONLY	72	77	6	5	105	188	144	30.56
RURAL MUNICIPALITIES	11	16	0	0	0	11	18	-38.89

BUILDING OPPORTUNITIES

CMHC's 2003 Housing Observer provides a comprehensive overview of Canadian housing conditions and trends and the key factors behind them.

The Observer gives a portrait of Canada's housing stock, how Canada's changing demographics and socio-economic factors influence our housing, and discusses the key trends in housing finance and the factors impacting the affordability of housing in Canada.

CMHC is continuously working to encourage a viable and dynamic housing sector. Flagship publications like the 2003 Housing Observer enables the industry to capitalize on business opportunities.

**For your FREE copy of the 2003 Housing Observer visit us on our website (www.cmhc.ca) or call
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**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										
1st Quarter 2004	352	16	0	3	0	0	4	0	30	405
1st Quarter 2003	310	8	0	0	40	0	0	0	0	358
Year-To-Date 2004	352	16	0	3	0	0	4	0	30	405
Year-To-Date 2003	310	8	0	0	40	0	0	0	0	358
UNDER CONSTRUCTION										
2004	876	34	0	8	307	4	238	0	30	1497
2003	816	12	0	8	113	4	178	0	0	1131
COMPLETIONS										
4th Quarter 2004	179	2	0	9	0	0	117	0	0	307
4th Quarter 2003	205	2	0	4	0	0	72	0	0	283
Year-To-Date 2004	179	2	0	9	0	0	117	0	0	307
Year-To-Date. 2003	205	2	0	4	0	0	72	0	0	283
COMPLETED & NOT ABSORBED²										
2004	83	6	0	5	4	0	101	0	0	199
2003	93	3	0	13	0	0	37	0	16	162
TOTAL SUPPLY³										
2004	959	40	0	13	311	4	339	0	30	1696
2003	909	15	0	21	113	4	215	0	16	1293
ABSORPTIONS²										
1st Quarter 2004	226	0	0	7	4	0	78	0	0	315
1st Quarter 2003	143	3	0	1	0	0	35	0	0	182
12-month Average	140	3	0	4	3	1	19	0	1	171

¹ May include units intended for condominium.

² Centres of 50,000 population and over.

³ Sum of units under construction, complete and unoccupied

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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.

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