HOUSING NOW

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A Pause In Apartment Construction Restrains Residential Construction Activity In September

Halifax

September 2005

Despite some softness in residential construction last month, through the first three quarters of the year housing market activity in general is keeping pace with what was a good year last year. Total housing starts are only five per cent below the level set in the first nine months of 2004 mainly due to an impressive rebound in rental apartment construction after a fairly weak year last year. In addition, MLS® sales are a surprising 14 per cent higher through September than was the case in the first three quarters of last year. Average residential MLS® sale price growth continues at a strong pace of eight per cent through September while rising construction input costs have propelled new, single-detached home average sale price 12 per cent above the average price through September 2004.

In September, the pace of total residential construction activity in Metro Halifax slowed as continuing sluggishness in single-detached homebuilding was accompanied by a pause in apartment construction. There were 165 total housing starts in September, more than 100 fewer units than the 270 in September 2004. Total housing starts were lower in each of the seven Metro submarkets except Halifax County Southwest which received a boost from a flurry of semi-detached starts.

Single-detached housing starts continued their slide, falling 30 per cent from 152 in September 2004 to 107 last month with single starts down across all areas of Metro Halifax. A significant expansion in the inventory of homes for sale through MLS®, and an inadequate supply of serviced building lots have muted demand for new single-detached home building throughout this year and clearly September was no exception. Pending starts data for September and no evidence of an imminent change in either the resale market inventory or building lot inventory suggests that this declining trend in single starts will continue through the remainder of this year.

Conversely, September did mark a departure from the established trend in the multiple unit housing starts segment. The 58 multiple unit starts in September was well below the 118 multiple unit starts in the same month last year. New rental and condominium construction projects have been starting on a regular basis

In This Issue

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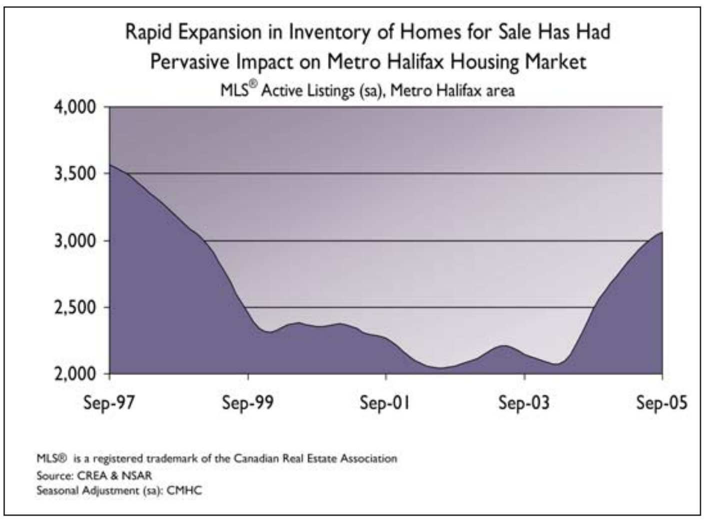
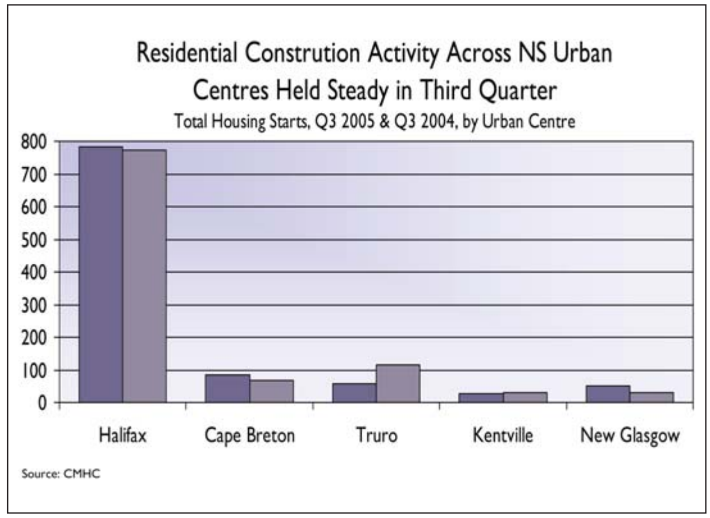
over the past six months, buoying overall residential construction activity. While there was a pause in apartment construction last month with only 23 units started, expect to see more new projects break ground at a steady pace in the coming months keeping overall construction activity brisk.

Last month new single-detached home sales reached their highest monthly total so far this year with 119 homes sold. New, single-detached average sale price also climbed above $300,000 in September for the first time due to an increase in market share of homes sold over $400,000. The combination of fewer single-detached housing completions this year (due to fewer starts earlier in the year) and the recent seasonal increase in sales of new singles has further thinned an already lean inventory of completed and unsold new single-detached homes. However, it is likely that the real inventory of new, single-detached homes is higher than the completed and unabsorbed figure shown. There are probably some 'spec' single-detached homes that are currently marked as under construction but which are at an advanced stage of construction with further progress suspended until a buyer signs a contract and selects important finishes such as flooring, lighting fixtures and cabinetry.



Resale market activity remained very robust in September, with MLS® sales 33 per cent higher than last September and average MLS® sale price up nine per cent to $188,046. After quite a weak year in 2004, MLS® sales have rebounded impressively this year due in part to a significant expansion in inventory of homes for sale. New MLS® listings continued to rise in September with 917 homes listed for sale, a 15 per cent increase from September 2004. This expansion in inventory has been instrumental in keeping the rate of price growth from accelerating since at any given time this year potential home buyers have enjoyed the expanded choice of roughly 900 more homes available for them to purchase than was true through 2004.

Local economic conditions have been very supportive of housing market activity throughout 2005 and this continued in September. Although employment growth has been much weaker this year than last year and continued to weaken last month, the overall level of employment remains very high and the unemployment level is very low. Inflation is gradually creeping upward and new house prices are rising as input land, labour and to a lesser extent material costs continue to climb. September building permit data also revealed what is expected to be an emerging trend over the next three years; namely, a gradual decline in residential construction and a surge in non-residential construction activity.



Through the first nine months of this year, total housing starts in Kentville and Truro are well ahead of the pace set through September of 2004 with higher levels of both single-detached and multiple unit housing starts. In Halifax, Cape Breton and New Glasgow, total housing starts through the first nine months of this year trail the pace set through the same period of last year by 5 per cent, 14 per cent and 35 per cent respectively. Lower levels of multiple unit starts are the key contributing factor to the slower pace of homebuilding in Cape Breton and New Glasgow, while a significant decline in single-detached home building in Halifax has more than offset the rebound in multiple unit construction so far this year.

TABLE 1
ACTIVITY SUMMARY BY INTENDED MARKET
HALIFAX CMA
SEPTEMBER 2005

		FREEHOLD					GRAND
		SINGLE	SEMI	ROW	CONDOMINIUM	RENTAL	TOTAL
PENDING STARTS	- Current Month	111	26	0	42	93	272
	- Previous Year	152	6	0	0	40	198
STARTS	- Current Month	107	26	9	0	23	165
	- Previous Year	152	4	22	50	42	270
	Year-To-Date 2005	943	92	132	247	450	1864
	Year-To-Date 2004	1170	112	133	289	248	1952
UNDER CONSTRUCTION	- 2005	512	54	103	563	992	2224
	- 2004	515	46	159	716	638	2074
COMPLETIONS	- Current Month	129	18	0	50	42	239
	- Previous Year	227	18	4	24	0	273
	Year-To-Date 2005	800	84	124	134	127	1269
	Year-To-Date 2004	971	110	72	252	371	1776
COMPLETED & NOT ABSORBED	- 2005	17	3	0	15	0	35
	- 2004	34	2	4	203	99	342
TOTAL SUPPLY	- 2005	529	57	103	578	992	2259
	- 2004	549	48	163	919	737	2416
ABSORPTIONS	- Current Month	130	15	2	55	53	255
	- Previous Year	228	18	4	24	2	276
	Year-To-Date 2005	812	85	132	182	223	1434
	Year-To-Date 2004	988	126	76	109	430	1729
	3-month Average	109	8	13	8	6	144
	12-month Average	117	10	17	47	35	226

Source: CMHC

TABLE 2
HOUSING ACTIVITY BY AREA AND BY INTENDED MARKET
HALIFAX CMA
SEPTEMBER 2005

	OWNERSHIP							OWNERSHIP					
	FREEHOLD					GRAND		FREEHOLD					GRAND
STARTS	SINGLE	SEMI	ROW	CONDOMINIUM	RENTAL	TOTAL	**COMPLETIONS**	SINGLE	SEMI	ROW	CONDOMINIUM	RENTAL	TOTAL
HALIFAX CITY													
- Current Month	3	0	0	0	19	22	- Current Month	17	2	0	0	42	61
- Previous Year	9	0	18	0	42	69	- Previous Year	22	16	4	0	0	42
Year-To-Date 2005	78	16	62	142	396	694	Year-To-Date 2005	70	32	57	48	113	320
Year-To-Date 2004	112	54	42	40	197	445	Year-To-Date 2004	129	64	44	196	325	758
DARTMOUTH CITY													
- Current Month	17	10	9	0	4	40	- Current Month	9	8	0	50	0	67
- Previous Year	8	2	4	50	0	64	- Previous Year	25	0	0	0	0	25
Year-To-Date 2005	154	38	57	50	54	353	Year-To-Date 2005	138	28	40	50	3	259
Year-To-Date 2004	194	34	36	128	3	395	Year-To-Date 2004	146	18	20	20	22	226
BEDFORD-HAMMONDS PLAINS													
- Current Month	17	0	0	0	0	17	- Current Month	26	2	0	0	0	28
- Previous Year	30	0	0	0	0	30	- Previous Year	50	0	0	24	0	74
Year-To-Date 2005	168	4	13	55	0	240	Year-To-Date 2005	150	2	18	36	6	212
Year-To-Date 2004	201	10	55	121	0	387	Year-To-Date 2004	182	10	8	36	18	254
SACKVILLE													
- Current Month	6	0	0	0	0	6	- Current Month	6	0	0	0	0	6
- Previous Year	33	0	0	0	0	33	- Previous Year	33	0	0	0	0	33
Year-To-Date 2005	68	6	0	0	0	74	Year-To-Date 2005	68	6	0	0	0	74
Year-To-Date 2004	143	2	0	0	48	193	Year-To-Date 2004	143	2	0	0	48	193
FALL RIVER-BEAVERBANK													
- Current Month	15	0	0	0	0	15	- Current Month	23	0	0	0	0	23
- Previous Year	16	0	0	0	0	16	- Previous Year	39	0	0	0	0	39
Year-To-Date 2005	138	0	0	0	0	138	Year-To-Date 2005	105	2	0	0	0	107
Year-To-Date 2004	179	0	0	0	0	179	Year-To-Date 2004	146	0	0	0	0	146
HALIFAX COUNTY SOUTHWEST													
- Current Month	23	16	0	0	0	39	- Current Month	29	4	0	0	0	33
- Previous Year	26	0	0	0	0	26	- Previous Year	33	2	0	0	0	35
Year-To-Date 2005	190	28	0	0	0	218	Year-To-Date 2005	189	12	0	0	0	201
Year-To-Date 2004	195	10	0	0	0	205	Year-To-Date 2004	180	14	0	0	0	194
HALIFAX COUTY EAST													
- Current Month	26	0	0	0	0	26	- Current Month	17	0	0	0	0	17
- Previous Year	30	2	0	0	0	32	- Previous Year	28	0	0	0	0	28
Year-To-Date 2005	147	0	0	0	0	147	Year-To-Date 2005	79	2	0	0	0	81
Year-To-Date 2004	146	2	0	0	0	148	Year-To-Date 2004	96	2	0	0	6	104

Source: CMHC

TABLE 3
UNDER CONSTRUCTION BY AREA
HALIFAX CMA
SEPTEMBER 2005

	OWNERSHIP					
	FREEHOLD					
	SINGLE	SEMI	ROW	CONDO	RENTAL	GRAND TOTAL
HALIFAX CITY						
- Current Month	29	2	42	250	715	1038
- Previous Year	42	14	54	402	515	1027
DARTMOUTH CITY						
- Current Month	124	30	57	179	272	662
- Previous Year	118	18	58	193	3	390
BEDFORD-HAMMONDS PLAINS						
- Current Month	77	2	4	134	5	222
- Previous Year	68	4	47	121	72	312
SACKVILLE						
- Current Month	29	0	0	0	0	29
- Previous Year	76	0	0	0	48	124
FALL RIVER-BEAVERBANK						
- Current Month	65	0	0	0	0	65
- Previous Year	57	0	0	0	0	57
HALIFAX COUNTY SOUTHWEST						
- Current Month	79	20	0	0	0	99
- Previous Year	73	8	0	0	0	81
HALIFAX COUTY EAST						
- Current Month	109	0	0	0	0	109
- Previous Year	81	2	0	0	0	83

Source: CMHC

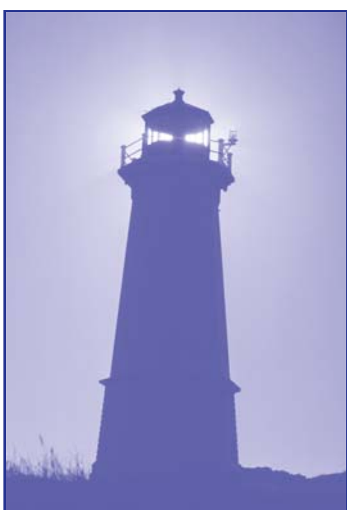


TABLE 4 SALES AND PRICE OF NEW SINGLE-DETACHED HOUSES BY TYPE HALIFAX CMA SEPTEMBER 2005				
Type	**Current Month**	**Previous Year**	**Year-To-Date 2005**	**Year-To-Date 2004**
Bungalow				
Sales	21	39	107	129
Average Price	$203,319	$184,195	$210,836	$197,133
Median Price	$189,000	$185,000	$190,000	NA
Split Level				
Sales	2	16	63	110
Average Price	$187,350	$178,056	$213,222	$179,209
Median Price	$187,350	$172,600	$198,900	NA
1.5 Storey				
Sales	0	1	2	7
Average Price	$0	$300,000	$309,950	$281,429
Median Price	$0	$300,000	$309,950	NA
2 Storey				
Sales	76	134	476	588
Average Price	$379,005	$256,084	$308,089	$269,163
Median Price	$307,500	$230,450	$270,900	NA
Other				
Sales	28	36	146	141
Average Price	$208,345	$167,783	$187,062	$174,622
Median Price	$198,000	$174,950	$189,650	NA
Unknown				
Sales	3	2	15	8
Average Price	$230,650	$286,000	$245,903	$224,563
Median Price	$230,000	$286,000	$209,900	NA
Total				
Sales	130	228	809	983
Average Price	$307,495	$224,824	$264,848	$235,808
Median Price	$257,495	$206,900	$230,000	NA

Source: CMHC

TABLE 5 - MONTHLY NEW SINGLE DETACHED HOUSE SALES BY PRICE RANGE HALIFAX CMA

	<$174,999		$175,000-$199,999		$200,000-$249,999		$250,000-$299,999		$300,000-$399,999		>$400,000				
Period	sales	per cent	sales	per cent	sales	per cent	sales	per cent	sales	per cent	sales	per cent	Total Sales	Average Price	Median Price
September 2004	53	23.5%	51	22.6%	63	27.9%	31	13.7%	26	11.5%	2	0.9%	226	$224,824	$206,900
October 2004	17	13.0%	37	28.2%	37	28.2%	24	18.3%	14	10.7%	2	1.5%	131	$243,154	$219,500
November 2004	31	18.1%	52	30.4%	52	30.4%	23	13.5%	11	6.4%	2	1.2%	171	$227,312	$205,000
December 2004	33	18.8%	45	25.6%	58	33.0%	26	14.8%	12	6.8%	2	1.1%	176	$222,863	$209,900
January 2005	13	18.8%	16	23.2%	26	37.7%	5	7.2%	9	13.0%	0	0.0%	69	$223,006	$209,950
February 2005	6	8.6%	18	25.7%	22	31.4%	17	24.3%	7	10.0%	0	0.0%	70	$244,007	$229,900
March 2005	14	18.4%	28	36.8%	13	17.1%	9	11.8%	10	13.2%	2	2.6%	76	$241,332	$198,900
April 2005	6	10.5%	17	29.8%	17	29.8%	8	14.0%	7	12.3%	2	3.5%	57	$255,616	$210,000
May 2005	14	20.3%	16	23.2%	15	21.7%	11	15.9%	11	15.9%	2	2.9%	69	$259,616	$215,500
June 2005	11	12.5%	22	25.0%	26	29.5%	20	22.7%	7	8.0%	2	2.3%	88	$256,430	$230,900
July 2005	17	15.9%	17	15.9%	25	23.4%	29	27.1%	17	15.9%	2	1.9%	107	$263,728	$243,950
August 2005	3	2.7%	11	9.9%	34	30.6%	33	29.7%	27	24.3%	3	2.7%	111	$286,273	$269,000
September 2005	10	8.4%	23	19.3%	29	24.4%	26	21.8%	25	21.0%	6	5.0%	119	$307,495	$257,475

Source: CMHC

TABLE 6 - MONTHLY NEW SINGLE-DETACHED UNOCCUPIED HOUSES BY PRICE RANGE HALIFAX CMA

	<$174,999		$175,000-$199,999		$200,000-$249,999		$250,000-$299,999		$300,000-$399,999		>$400,000				
Period	units	per cent	units	per cent	units	per cent	units	per cent	units	per cent	units	per cent	Total Units	Average Price	Median Price
September 2004	3	9.7%	4	12.9%	5	16.1%	4	12.9%	13	41.9%	2	6.5%	31	$308,021	$300,000
October 2004	3	14.3%	1	4.8%	3	14.3%	1	4.8%	10	47.6%	3	14.3%	21	$353,414	$324,000
November 2004	4	16.0%	2	8.0%	5	20.0%	3	12.0%	8	32.0%	3	12.0%	25	$326,096	$284,000
December 2004	3	10.3%	3	10.3%	9	31.0%	3	10.3%	10	34.5%	1	3.4%	29	$277,176	$232,000
January 2005	3	12.5%	3	12.5%	7	29.2%	3	12.5%	7	29.2%	1	4.2%	24	$276,850	$226,000
February 2005	3	9.4%	3	9.4%	12	37.5%	3	9.4%	10	31.3%	1	3.1%	32	$282,403	$230,000
March 2005	2	5.6%	8	22.2%	11	30.6%	5	13.9%	9	25.0%	1	2.8%	36	$273,441	$225,000
April 2005	4	10.3%	7	17.9%	13	33.3%	3	7.7%	11	28.2%	1	2.6%	39	$269,630	$222,500
May 2005	0	0.0%	4	12.1%	16	48.5%	4	12.1%	8	24.2%	1	3.0%	33	$269,185	$222,500
June 2005	1	4.2%	0	0.0%	10	41.7%	6	25.0%	6	25.0%	1	4.2%	24	$287,419	$270,000
July 2005	0	0.0%	0	0.0%	11	55.0%	2	10.0%	6	30.0%	1	5.0%	20	$290,223	$242,000
August 2005	0	0.0%	0	0.0%	7	43.8%	1	6.3%	7	43.8%	1	6.3%	16	$311,150	$302,500
September 2005	0	0.0%	3	20.0%	2	13.3%	3	20.0%	6	40.0%	1	6.7%	15	$317,265	$305,000

Source: CMHC

Table 7: MLS® Residential Sales Activity by Area

	September								
	2005			2004			Per Cent Change		
SUBMARKET	Sales	New Listings	Average Sale Price	Sales	New Listings	Average Sale Price	Sales	New Listings	Average Sale Price
Halifax-Dartmouth Region	550	917	188,046 $	414	801	172,135 $	32.9%	14.5%	9.2%

	YEAR-TO-DATE								
	2005			2004			Per Cent Change		
SUBMARKET	Sales	New Listings	Average Sale Price	Sales	New Listings	Average Sale Price	Sales	New Listings	Average Sale Price
Halifax-Dartmouth Region	5137	8629	188,033 $	4490	7420	174,726 $	14.4%	16.3%	7.6%

Source: Canadian Real Estate Association

TABLE 8
STARTS AND COMPLETIONS BY AREA AND INTENDED MARKET
NOVA SCOTIA
THIRD QUARTER 2005

STARTS	SINGLE	SEMI	ROW	APARTMENT	TOTAL	COMPLETIONS	SINGLE	SEMI	ROW	APARTMENT	TOTAL
CAPE BRETON RM											
- Current Quarter	59	4	0	4	67	- Current Quarter	66	14	0	4	84
- Previous Year	59	26	0	0	85	- Previous Year	52	22	0	44	118
Year-To-Date 2005	158	36	0	12	206	Year-To-Date 2005	146	32	0	8	186
Year-To-Date 2004	139	44	4	52	239	Year-To-Date 2004	110	28	4	52	194
NEW GLASGOW CA											
- Current Quarter	29	0	0	0	29	- Current Quarter	23	4	0	0	27
- Previous Year	38	2	0	12	52	- Previous Year	19	4	3	12	38
Year-To-Date 2005	62	2	0	0	64	Year-To-Date 2005	59	6	0	0	65
Year-To-Date 2004	68	6	0	24	98	Year-To-Date 2004	49	4	3	12	68
TRURO CA											
- Current Quarter	54	10	4	46	114	- Current Quarter	48	6	0	24	78
- Previous Year	56	0	0	3	59	- Previous Year	26	4	0	0	30
Year-To-Date 2005	113	16	4	80	213	Year-To-Date 2005	155	10	4	46	215
Year-To-Date 2004	106	10	0	19	135	Year-To-Date 2004	97	8	4	69	178
KENTVILLE CA											
- Current Quarter	16	6	8	0	30	- Current Quarter	13	2	0	12	27
- Previous Year	13	2	0	12	27	- Previous Year	4	0	0	12	16
Year-To-Date 2005	45	16	8	24	93	Year-To-Date 2005	28	8	0	12	48
Year-To-Date 2004	16	4	0	12	32	Year-To-Date 2004	18	4	0	12	34
RURAL NOVA SCOTIA											
- Current Quarter	446	26	17	16	505	- Current Quarter	167	4	0	3	174
- Previous Year	526	16	4	22	568	- Previous Year	150	2	0	114	266
Year-To-Date 2005	920	42	40	73	1075	Year-To-Date 2005	828	16	18	9	871
Year-To-Date 2004	970	16	8	24	1018	Year-To-Date 2004	693	34	5	128	860

Source: CMHC

KEY ECONOMIC INDICATORS HALIFAX				
Indicator	Period	2005	2004	% Change
Metro Halifax Labour Force (000's)	September	216.8	219.7	-1.3%
Metro Halifax Employment (000's)	September	206.4	207.7	-0.6%
Metro Halifax Unemployment Rate	September	4.8%	5.5%	---
Building Permits($ 000's)	August			
Residential		33,639	43,266	-22.3%
Non-Residential		14,573	4,960	193.8%
Total		48,212	48,226	0.0%
Metro Halifax Consumer Price Index	August	128.8	125.6	2.5%
Metro Halifax New Housing Price Index	August			
Total		127.7	121.8	4.8%
House		129.9	123.9	4.8%
Land		122.9	117.3	4.8%

Sources:
Statistics Canada - Labour Force Survey
Statistics Canada - Monthly Building Permits Survey
Statistics Canada - Condumer Price Index
Statistics Canada - New House Price Index

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