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# HOUSING NOW

Kitchener

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Canada Mortgage and Housing Corporation

www.cmhc.ca

### Strong New Home Construction Market

The weakest fourth quarter performance in five years pulled total housing starts lower in 2005. Construction started on a total of 3,763 homes in 2005 – down almost four per cent from the year prior. Despite the small decline, the new home construction market is running strong, with home starts well above the long term average.

Recent job gains and growing incomes in the Kitchener Census Metropolitan Area have provided potential buyers with the financial ability to move into home-ownership. Low mortgage rates are keeping

homes affordable and are contributing to ownership demand. A tight resale home market has also generated strong spill over demand – which has fuelled Kitchener’s residential construction boom.

The number of single-detached home starts trended lower. Foundations were poured for 2,082 detached homes in 2005 – down 12 per cent from the year prior. With new single-detached home prices experiencing double-digit gains this year and rising more than 40 per cent over the last five years, consumer appetites have waned.

FOURTH QUARTER 2005

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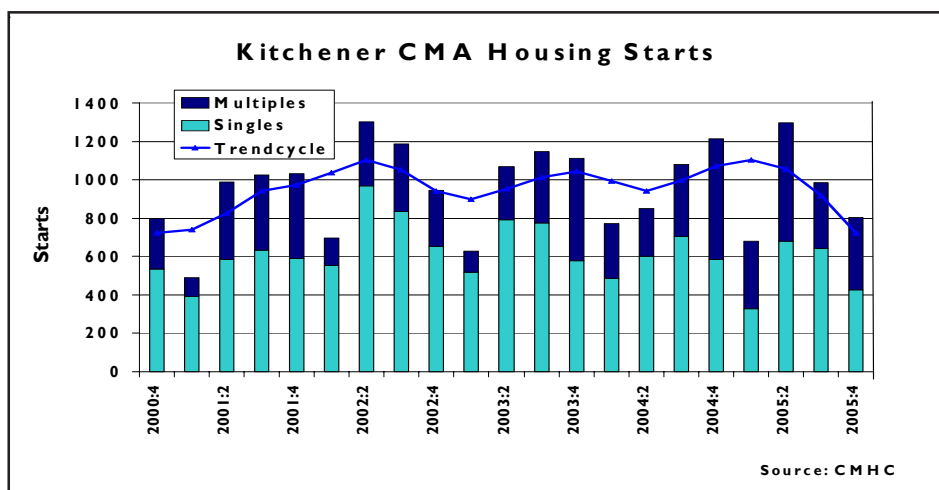
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The Kitchener CMA has a relatively young population, which suggests the region has a large pool of potential first-time buyers. Few first-time buyers can afford a new single-detached home. New homes geared towards this market segment must be less expensive than the average priced single-detached home. The multiple family home sector, which includes semi-detached homes, townhouses and apartments, has benefited from this reality.

Milan Gnjec, CMHC Market Analysis

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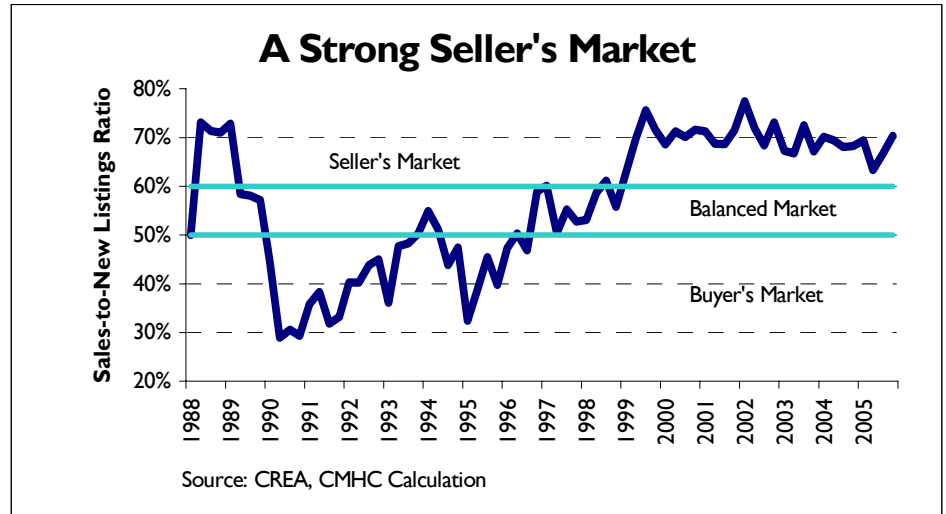
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Multiple family starts surged more than nine per cent in 2005 - reaching their highest level in 15 years. Townhouse construction shot up more than 35 per cent, as buyers were drawn by their affordable price point. Similarly, the number of condominium apartment starts also registered substantial gains - more than doubling in 2005.

## Economic Trends

Kitchener's economy came to life in 2005. Employment levels expanded more than five per cent in 2005 – four times the growth experienced at the provincial level. Most of the job growth was full time. More than 10,000 new full time jobs were added to the local economy. This remarkable pace of job creation helped boost demand for homes.

Low mortgage rates contributed to strong existing home sales and housing starts. On average long term mortgage rates were slightly lower in 2005 compared to year prior. Long-term mortgage rates vary in response to the cost of raising funds in the bond market. In the fourth quarter long term mortgage rates followed yields in bond market and nudged slightly higher – increasing by 35 basis points.



## Record Home Sales

### K-W Home Sales Hit Record Levels

Home sales registered through the Kitchener-Waterloo Real Estate Board climbed higher in the fourth quarter. This year-end surge propelled home sales to an all time record. A total of 6,147 homes changed hands in 2005 up four per cent compared to 5,913 last year. Strong economic conditions in the Kitchener CMA coupled with a growing population, has kept the existing home market running red-hot.

The sales-to-new listings ratio is a measure of the current state of the resale home market. In Kitchener-Waterloo, a sales-to-new listings ratio above the 60 per cent mark is

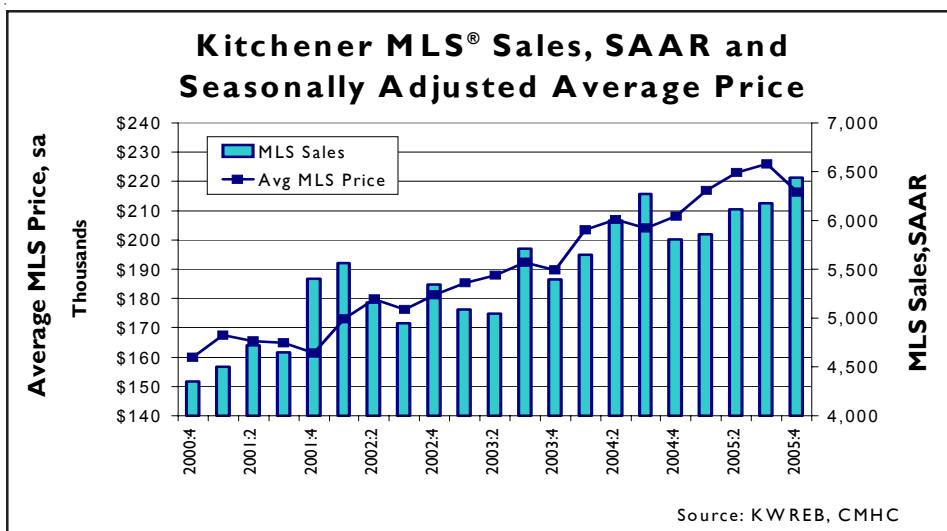
generally considered a seller's market. Price growth in a sellers market tends to run well ahead of the overall rate of inflation. With a fourth quarter sales-to-new listings ratio close to 70 per cent, the Kitchener-Waterloo existing home market remains incredibly tight. Tight market conditions are pushing home values higher. The average selling price of a home in Kitchener-Waterloo was \$220,511 in 2005 – up 7.2 per cent compared to the year prior.

### Cambridge Home Sales Soar in 2005

Home sales registered under the Cambridge Real Estate Board hit an all-time high last year. Over 3,000 homes changed hands in 2005 – up nine per cent from the year prior.

Buyers enjoyed plenty of choice in 2005 as the number of newly listed homes hit an all-time high. More than 4,500 homes were listed in 2005 – up more than 15 per cent from the year prior.

Despite the surge in listings, the Cambridge resale home market remained very tight. With a large number of people chasing few homes, real estate values in Cambridge jumped more than 7.5 per cent last year bringing the average selling price of a home close to \$224,479.



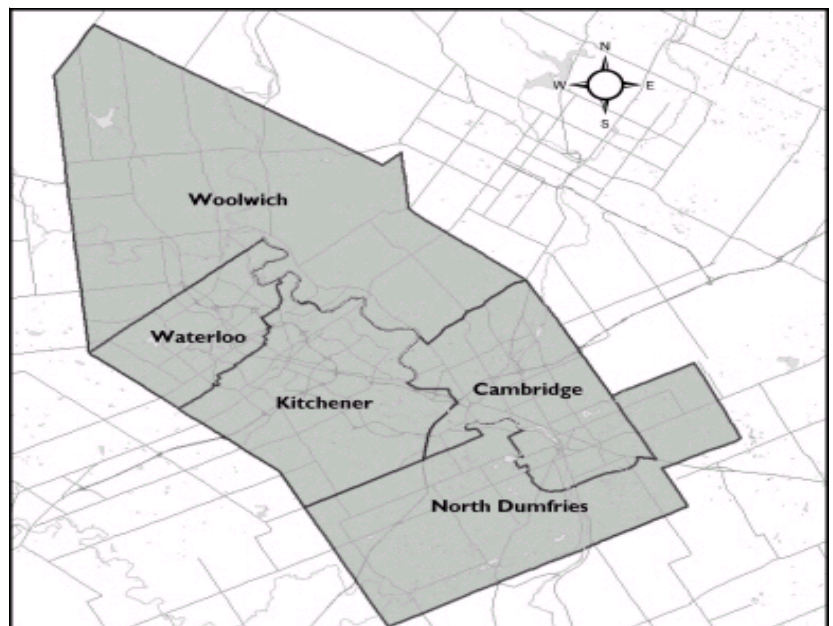
## Table 1: Housing Activity Summary for Kitchener CMA

	OWNERSHIP					RENTAL		GRAND **TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
<b>STARTS</b>								
Q4 2005	429	40	104	10	85	17	116	801
Q4 2004	585	34	157	104	0	0	334	1,214
% Change	-26.7	17.6	-33.8	-90.4	NA	NA	-65.3	-34.0
Year-to-date 2005	2,082	116	700	145	204	73	443	3,763
Year-to-date 2004	2,374	194	400	157	16	112	659	3,912
% Change	-12.3	-40.2	75.0	-7.6	**	-34.8	-32.8	-3.8
<b>UNDER CONSTRUCTION</b>								
December 2005	601	66	365	149	204	17	586	1,988
December 2004	711	66	267	122	0	12	711	1,889
<b>COMPLETIONS</b>								
Q4 2005	661	48	300	40	0	28	20	1,097
Q4 2004	632	36	62	19	0	13	171	933
% Change	4.6	33.3	**	110.5	NA	115.4	-88.3	17.6
Year-to-date 2005	2,191	115	589	133	0	64	577	3,669
Year-to-date 2004	2,403	172	475	60	16	302	995	4,423
% Change	-8.8	-33.1	24.0	121.7	-100.0	-78.8	-42.0	-17.0
<b>COMPLETE &amp; NOT ABSORBED</b>								
December 2005	95	10	62	18	0	4	194	383
December 2004	91	17	22	3	0	0	77	210
<b>ABSORPTIONS</b>								
Q4 2005	678	52	281	36	0	41	54	1,142
Q4 2004	628	45	64	23	0	13	225	998
% Change	8.0	15.6	**	56.5	NA	**	-76.0	14.4
Year-to-date 2005	2,194	120	549	118	0	60	455	3,496
Year-to-date 2004	2,413	162	491	63	20	314	1,083	4,546
% Change	-9.1	-25.9	11.8	87.3	-100.0	-80.9	-58.0	-23.1

\*Includes all market types

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

Source: CMHC



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

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q4 2004	Q4 2005	% change	Q4 2004	Q4 2005	% change	Q4 2004	Q4 2005	% change
<b>Kitchener CMA</b>	585	429	-26.7	629	372	-40.9	1214	801	-34.0
Cambridge City	154	67	-56.5	76	244	**	230	311	35.2
Kitchener City	280	212	-24.3	252	82	-67.5	532	294	-44.7
North Dumfries Township	2	4	100.0	0	0	NA	2	4	100.0
Waterloo City	100	81	-19.0	293	24	-91.8	393	105	-73.3
Woolwich Township	49	65	32.7	8	22	175.0	57	87	52.6

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

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2004	YTD 2005	% change	YTD 2004	YTD 2005	% change	YTD 2004	YTD 2005	% change
<b>Kitchener CMA</b>	2,374	2,082	-12.3	1,538	1,681	9.3	3,912	3,763	-3.8
Cambridge City	471	400	-15.1	206	712	**	677	1,112	64.3
Kitchener City	1,115	1,016	-8.9	674	686	1.8	1,789	1,702	-4.9
North Dumfries Township	21	22	4.8	0	0	NA	21	22	4.8
Waterloo City	580	437	-24.7	614	218	-64.5	1,194	655	-45.1
Woolwich Township	187	207	10.7	44	65	47.7	231	272	17.7

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

Sub Market Area	Q4 2004	Q4 2005	% Change	YTD 2004	YTD 2005	% Change
<b>Kitchener CMA</b>	268,648	290,582	8.2	256,115	287,623	12.3
Cambridge City	268,977	288,101	7.1	246,145	292,700	18.9
Kitchener City	244,348	280,515	14.8	245,041	271,456	10.8
North Dumfries Township	432,222	593,000	37.2	438,672	499,562	13.9
Waterloo City	278,189	300,306	8.0	262,246	286,206	9.1
Woolwich Township	356,816	314,910	-11.7	308,898	356,417	15.4

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

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

AREA	PRICE RANGES										TOTAL
	<\$150,000		\$150-\$174,999		\$175-\$249,999		\$250-\$299,999		\$300,000+		
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
<b>Kitchener CMA</b>											
Q4 2005	1	0.1	4	0.6	232	34.2	228	33.6	213	31.4	678
Q4 2004	0	0.0	9	1.4	314	50.0	151	24.0	154	24.5	628
YTD 2005	2	0.1	23	1.0	892	40.7	613	27.9	664	30.3	2,194
YTD 2004	3	0.1	38	1.6	1,370	56.8	482	20.0	520	21.5	2,413
<b>Cambridge City</b>											
Q4 2005	0	0.0	3	2.6	31	27.2	44	38.6	36	31.6	114
Q4 2004	0	0.0	0	0.0	51	45.9	43	38.7	17	15.3	111
YTD 2005	0	0.0	3	0.8	106	27.6	144	37.5	131	34.1	384
YTD 2004	1	0.2	16	3.0	314	58.8	144	27.0	59	11.0	534
<b>Kitchener City</b>											
Q4 2005	1	0.3	1	0.3	161	41.9	120	31.3	101	26.3	384
Q4 2004	0	0.0	6	2.0	183	61.6	54	18.2	54	18.2	297
YTD 2005	2	0.2	8	0.7	568	49.5	281	24.5	288	25.1	1,147
YTD 2004	1	0.1	9	0.9	642	63.4	180	17.8	180	17.8	1,012
<b>North Dumfries Township</b>											
Q4 2005	0	0.0	0	0.0	0	0.0	0	0.0	5	100.0	5
Q4 2004	0	0.0	0	0.0	0	0.0	3	33.3	6	66.7	9
YTD 2005	0	0.0	0	0.0	0	0.0	2	10.5	17	89.5	19
YTD 2004	0	0.0	0	0.0	0	0.0	5	20.0	20	80.0	25
<b>Waterloo City</b>											
Q4 2005	0	0.0	0	0.0	28	25.2	44	39.6	39	35.1	111
Q4 2004	0	0.0	3	1.8	69	42.1	39	23.8	53	32.3	164
YTD 2005	0	0.0	12	2.7	168	37.2	127	28.1	145	32.1	452
YTD 2004	1	0.1	8	1.1	366	52.6	118	17.0	203	29.2	696
<b>Woolwich Township</b>											
Q4 2005	0	0.0	0	0.0	12	18.8	20	31.3	32	50.0	64
Q4 2004	0	0.0	0	0.0	11	23.4	12	25.5	24	51.1	47
YTD 2005	0	0.0	0	0.0	50	26.0	59	30.7	83	43.2	192
YTD 2004	0	0.0	5	3.4	48	32.9	35	24.0	58	39.7	146

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

## CMHC's Housing Awards Program

The CMHC Housing Awards Program, offered every two years, recognizes individuals and organizations that have implemented best practices that have improved housing in Canada. The purpose of the 2004 Housing Awards under the theme, **Best Practices in Affordable Housing**, is to recognize individuals and organizations for their outstanding accomplishments in furthering affordable housing and to assist them in transferring the knowledge about these best practices across the country.

Apply today at <http://www.cmhc-schl.gc.ca/en/prfias/gr/hap/index.cfm> for CMHC's Housing Awards Program.

**Table 5: Resale Housing Activity for Kitchener Real Estate Board**

		Number of		Sales	Number of	New Listings	Sales-to-New	Average		Average
		Sales	Yr/Yr %	SAAR	New Listings	SAAR	Listings SA	Price (\$)	Yr/Yr %	Price (\$) SA
2004	January	275	-12.1	4,800	618	7,800	61.7	193,870	6.1	194,332
	February	433	0.0	5,400	657	8,000	67.0	202,277	6.9	202,252
	March	671	49.1	6,800	874	8,400	80.9	197,325	6.8	210,960
	April	621	25.7	6,000	822	8,000	75.2	204,293	8.4	210,399
	May	595	14.0	6,200	894	9,100	67.9	201,264	12.0	193,607
	June	641	11.3	5,800	889	8,800	65.9	212,383	11.4	217,876
	July	556	-7.3	6,400	733	8,800	72.5	201,634	2.8	199,976
	August	494	7.9	5,700	730	9,100	62.9	208,724	13.7	212,648
	September	495	21.0	6,700	824	9,800	68.8	211,308	13.4	200,208
	October	398	-6.8	5,500	654	8,300	66.3	206,250	3.6	189,971
	November	476	37.2	6,200	578	8,800	70.4	214,239	14.7	219,346
	December	276	-1.8	5,700	328	8,300	68.2	216,323	7.8	213,498
2005	January	309	12.4	5,700	682	9,000	63.2	219,545	13.2	214,671
	February	485	12.0	6,000	694	8,600	70.2	207,880	2.8	209,949
	March	573	-14.6	5,900	809	7,700	75.8	216,001	9.5	226,177
	April	623	0.3	6,000	1,033	10,500	57.7	216,128	5.8	218,642
	May	627	5.4	5,900	939	9,100	65.4	222,352	10.5	234,009
	June	680	6.1	6,400	959	9,400	67.6	221,142	4.1	216,801
	July	513	-7.7	5,800	704	8,900	65.2	223,422	10.8	221,491
	August	584	18.2	6,400	793	9,500	67.7	225,814	8.2	236,969
	September	487	-1.6	6,300	789	9,400	67.1	222,726	5.4	219,143
	October	471	18.3	6,500	806	9,900	66.3	230,626	11.8	210,947
	November	481	1.1	6,300	600	9,300	67.2	222,393	3.8	225,731
	December	314	13.8	6,500	319	8,300	78.8	216,739	0.2	212,219
Q4 2004		1,150	9.0	5,800	1,560	8,500	68.3	211,974	8.4	208,135
Q4 2005		1,266	10.1	6,400	1,725	9,200	70.4	224,054	5.7	216,170
YTD 2004		5,931	11.7		8,601			205,639	8.9	
YTD 2005		6,147	3.6		9,127			220,511	7.2	

	Annual Sales	Yr/Yr %		Annual New Listings	Yr/Yr %		Annual Average Price (\$)	Yr/Yr %	
1996	4,666	34.6		9,168	4.0		134,839	-0.5	
1997	4,307	-7.7		7,885	-14.0		141,387	4.9	
1998	4,365	1.3		7,629	-3.2		143,104	1.2	
1999	4,695	7.6		6,730	-11.8		146,495	2.4	
2000	4,569	-2.7		6,495	-3.5		157,317	7.4	
2001	4,816	5.4		6,874	5.8		164,548	4.6	
2002	5,253	9.1		7,224	5.1		177,559	7.9	
2003	5,310	1.1		7,757	7.4		188,905	6.4	
2004	5,931	11.7		8,601	10.9		205,639	8.9	
2005	6,147	3.6		9,127	6.1		220,511	7.2	

Source: Canadian Real Estate Association

Table 6: Economic Indicators

		Interest and Exchange Rates				Inflation Rate (%)	NHI <sup>***</sup> % chg.	KITCHENER CMA Labour Market		
		P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)	Ontario 1996=100	KITCHENER CMA 1997=100	Employment SA <sup>**</sup> (,000)	Employment SA m/m (%)	Unemployment Rate (%) SA
			1 Yr. Term	5 Yr. Term						
2004	January	642.78	4.3	6.1	0.755	1.5	3.6	236.6	-0.6	5.1
	February	627.97	4.3	5.8	0.749	0.8	2.8	234.7	-0.8	5.7
	March	622.08	4.3	5.7	0.763	1.1	2.5	234.7		5.7
	April	648.75	4.5	6.2	0.729	2.3	4.1	234.7		5.6
	May	669.82	4.6	6.5	0.733	2.8	4.2	233.3	-0.6	5.4
	June	681.99	4.7	6.7	0.750	2.4	5.0	234.8	0.6	5.3
	July	672.86	4.6	6.6	0.752	2.4	4.1	237.2	1.0	5.3
	August	657.75	4.4	6.3	0.762	1.5	4.1	238.8	0.7	5.5
	September	657.75	4.8	6.3	0.793	1.5	4.5	238.5	-0.1	5.3
	October	663.77	4.9	6.4	0.821	2.1	5.8	237.9	-0.3	5.0
	November	657.75	5.0	6.3	0.843	2.2	7.0	239.2	0.5	4.4
	December	642.78	4.8	6.1	0.832	1.9	5.9	241.2	0.8	4.2
2005	January	642.78	4.8	6.1	0.806	1.6	5.6	243.6	1.0	4.3
	February	642.78	4.8	6.1	0.811	2.2	5.9	245.8	0.9	4.7
	March	654.74	5.1	6.3	0.827	2.3	6.3	248.3	1.0	5.5
	April	642.78	4.9	6.1	0.795	2.3	4.8	249.9	0.6	5.9
	May	636.84	4.9	6.0	0.797	1.5	5.2	251.7	0.7	6.3
	June	622.08	4.8	5.7	0.816	1.9	5.2	252.5	0.3	6.0
	July	627.97	4.9	5.8	0.817	1.9	5.4	251.1	-0.6	5.9
	August	627.97	5.0	5.8	0.842	2.7	5.8	250.3	-0.3	5.9
	September	627.97	5.0	5.8	0.860	3.3	5.1	249.6	-0.3	5.7
	October	639.81	5.3	6.0	0.847	2.5	4.0	250.1	0.2	5.7
	November	648.75	5.6	6.2	0.857	2.0	3.8	249.1	-0.4	5.7
	December	657.75	5.8	6.3	0.860	2.1		249.4	0.1	5.7

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

\*\* Seasonally Adjusted

\*\*\* New Housing Price Index

Source: CMHC, Statistics Canada Labour Force Survey



## Definitions

- 1. Starts:** refers to units where construction has advanced to a stage where full (100%) footings are in place. For multiple dwellings (semi-detached, row housing and apartments) the definition of a start applies to the structure or block of row units rather than to the project as a whole.
- 2. Under Construction:** those units which have been started but which are not complete.
- 3. Completions - Single-detached/semi-detached units:** this generally is the stage at which all proposed construction work is complete. A unit may be completed at the 90% stage where the remaining work is largely cosmetic. **Row housing/ Apartment:** completions means that 90% or more of the dwelling units within a block of row units or an apartment structure are completed and ready for occupancy
- 4. Completed and Not Absorbed:** all completed units of new construction (excluding model homes not available for sale) which have never been sold or leased.
- 5. Absorptions:** the number of completed units (excluding model homes) that have been sold or leased.
- 6. Seasonally Adjusted (SA):** Actual monthly (or quarterly) figures adjusted to remove normal seasonal variation.
- 7. Seasonally Adjust Annual Rates (SAAR):** Seasonally adjusted monthly figures multiplied by 12 (or quarterly figures multiplied by 4) to reflect annualized levels of activity.
- 8. Definitions for CMA, NHPI, CPI, and Inflation Rate** can be found in the Statistics Canada website - <http://www.statcan.ca>

## Your Guide to Renting a Home – CMHC's new, online guide for tenants, landlords, and property managers

CMHC is breaking new ground with the introduction of “Your Guide to Renting a Home”. A comprehensive rental guide, developed by the Research and Information Transfer team, this free, online tool launched this spring. It will help the estimated four million Canadian households in rental accommodation, as well as landlords and property managers, to find plain language information on tenant and landlord rights and rental practices across the country.

“Your Guide to Renting a Home” is located on the CMHC Web site at [www.cmhc.ca](http://www.cmhc.ca). From the left-hand menu, you can select “Buying or Renting a Home” and click on “Renting a Home”.

## Ontario's 2005 Retirement Homes Report

Do you want to learn more about the dynamic private retirement home market in Ontario? The 2005 Retirement Homes Report has detailed Ontario-wide survey findings by market area covering vacancy rates and per diems by bed type, capture rates, new supply and vacancy rates by rent range for private beds as well as rent distributions. Order your copy today by calling **1-800-493-0059**.

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