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NEW HOME MARKET Home construction jumps

Housing starts in the Oshawa Census Metropolitan Area (CMA) skyrocketed in the first quarter of 2006 to reach 718 units, up by almost 197 per cent from the same quarter a year ago. Although this increase is from the last year's low-based quarter, it doesn't detract from the remarkable performance of the home construction sector in the first quarter of 2006, the strongest in 14 years. Both single-detached and multiple-family home starts contributed to the higher than normal construction numbers. Starts of the popular single-detached home type soared to 474 units, up by 147 per cent from a year ago. A Condominium

Apartment project started in February 2006 in the Whitby Harbour nudged the first quarter multiple-family starts up.

Oshawa demand for new homes remains strong. Low mortgage rates continue to sustain homeownership. Recently waived minimum downpayment requirements and historically low monthly mortgage costs have supported home-buying decisions. However, for the Oshawa CMA, the key factor that drives local housing demand is the lower prices of homes compared to Toronto. Those homebuyers unable to afford homes in Toronto are often times willing to buy in more affordable Oshawa. This tendency is

first quarter 2006

Date Released: Second Quarter 2006

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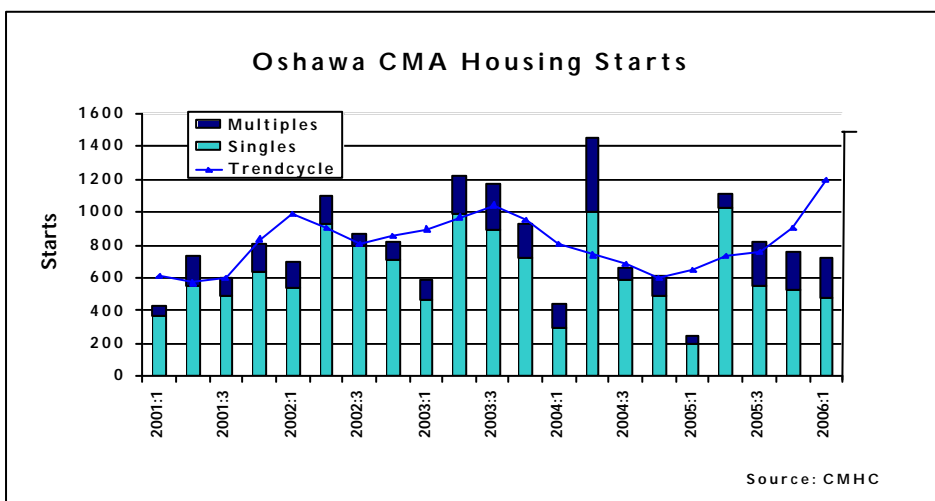
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consistent with the strong Oshawa in-migration numbers that have been reported by Statistics Canada for the past several years. In addition mild weather conditions this winter benefited housing demand and allowed homebuilders to start more homes than usual.

On the submarket level, in the first quarter of 2006 Whitby and Oshawa City recorded the double-

Inna Breidburg, CMHC - Market Analysis
Tel: (416) 218-3425 * Fax: (416) 218-3314
ibreidbu@cmhc-schl.gc.ca

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digit increases in total home starts compared to the first quarter a year ago. Only Clarington experienced a 24 per cent dip in new home construction. Single-detached homes remain the top new home choice in the Oshawa CMA. All three municipalities registered a hike in single-detached construction starts, especially Whitby and Oshawa City. These municipalities are less distant from Toronto and are more convenient locations for those homebuyers commuting to Toronto on daily basis.

Robust demand from intra-provincial migrants and move-up buyers has supported the strong price growth of new homes in Oshawa. Land constraints and rising construction costs added to price pressures. In the first quarter of 2006 Oshawa CMA single-family homes have appreciated by 16 per cent from the same period last year and peaked at \$321,608. The more moderately priced municipalities of Oshawa City and Clarington experienced the most substantial price growth of 23 and 17 per cent accordingly. The very popular and high valued Whitby home market recorded the most moderate price growth of 3.4 per cent this quarter.

While Whitby homes are higher priced compared to the other Oshawa sub-markets, the moderate price increase in Whitby reflected restricted homebuyers' ability to absorb expensive single-detached homes.

Demand in the Oshawa CMA has shifted toward more expensive homes. Torontonians decide to move to Oshawa for its relatively low prices and are able to purchase detached homes with more upgrades and amenities. In the first three months of 2006, 53 per cent of new single detached homes were absorbed at prices over \$300,000, compared to only 27 per cent in the first quarter last year.

RESALE MARKET Sizzling Market

The Oshawa CMA resale market was sizzling in the first quarter of 2006. In this quarter, 6,201 home sales at a Seasonally Adjusted Annual Rate (SAAR) were reported by the Toronto Real Estate Board (TREB), only 127 units below the 2004 record. Resale homes in Oshawa are priced significantly below new homes in the area and coupled with

appealing borrowing conditions have supported strong resales. Oshawa had the second best first quarter sales performance on record. Double-digit increases in sales compared to the previous year were recorded in all of three of Oshawa's submarkets. Sales of existing homes, at 1,480 units for the first three months of 2006, were almost 15 per cent above the same period a year ago.

The supply of resale homes jumped up to meet the strong demand. In the first quarter of 2006 there were 25 per cent more newly listed homes for sale compared to the first quarter of last year. The relative ease of selling and high home prices are encouraging homeowners to list their homes for sale. Low borrowing costs are allowing homeowners to swap their homes for ones that better meet their needs tastes.

The better selection of homes offered for sale nudged the Oshawa resale market into a balanced state. The Sales-to-New Listings ratio stood at 47 per cent in the first quarter of 2006, which suggests balanced market conditions. Homebuyers and sellers have similar negotiation power, which implies more moderate house price increases going forward.

The softer resale market conditions have already led to slower price growth in 2006. In the first quarter this year the average resale price in Oshawa edged up to \$235,878, rising only 2.1 per cent from the same quarter in 2005, which is in line with the general rate of inflation.

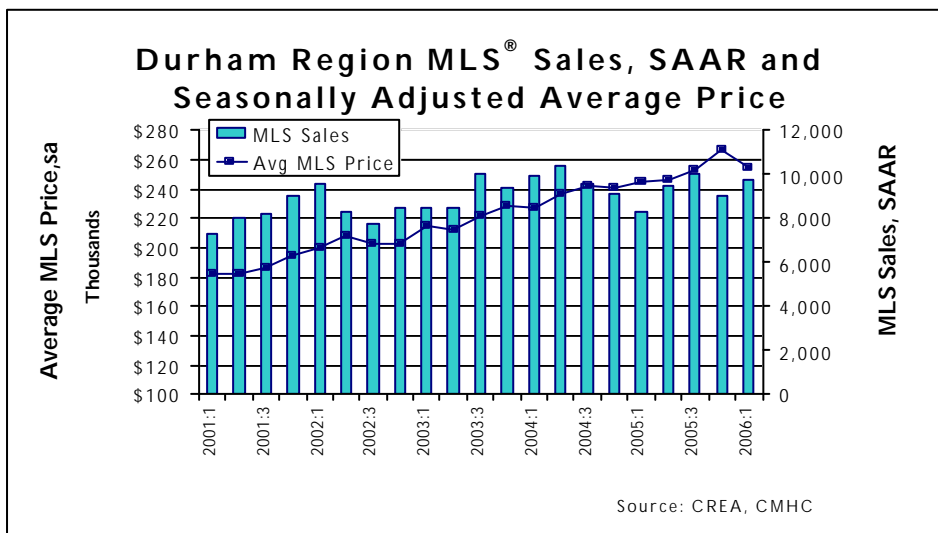


Table 1: Housing Activity Summary for Oshawa CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
STARTS								
Q1 2006	474	4	24	0	216	0	0	718
Q1 2005	192	0	46	0	0	4	0	242
% Change	146.9	NA	-47.8	NA	NA	-100.0	NA	196.7
Year-to-date 2006	474	4	24	0	216	0	0	718
Year-to-date 2005	192	0	46	0	0	4	0	242
% Change	146.9	NA	-47.8	NA	NA	-100.0	NA	196.7
UNDER CONSTRUCTION								
March 2006	1,366	12	101	19	480	8	4	1,990
March 2005	848	46	118	11	90	4	0	1,117
COMPLETIONS								
Q1 2006	377	6	88	0	48	8	0	527
Q1 2005	486	4	45	5	72	0	0	612
% Change	-22.4	50.0	95.6	-100.0	-33.3	NA	NA	-13.9
Year-to-date 2006	377	6	88	0	48	8	0	527
Year-to-date 2005	486	4	45	5	72	0	0	612
% Change	-22.4	50.0	95.6	-100.0	-33.3	NA	NA	-13.9
COMPLETE & NOT ABSORBED								
March 2006	33	1	16	1	3	0	0	54
March 2005	28	5	7	1	0	0	0	41
ABSORPTIONS								
Q1 2006	371	5	92	0	48	8	0	524
Q1 2005	463	3	47	4	72	0	0	589
% Change	-19.9	66.7	95.7	-100.0	-33.3	NA	NA	-11.0
Year-to-date 2006	371	5	92	0	48	8	0	524
Year-to-date 2005	463	3	47	4	72	0	0	589
% Change	-19.9	66.7	95.7	-100.0	-33.3	NA	NA	-11.0

*Includes all market types

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

Source: CMHC

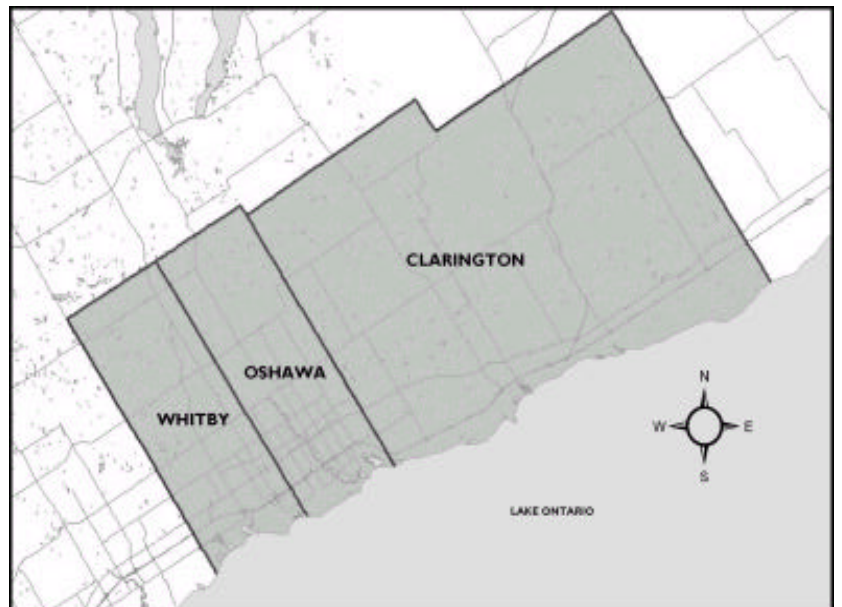
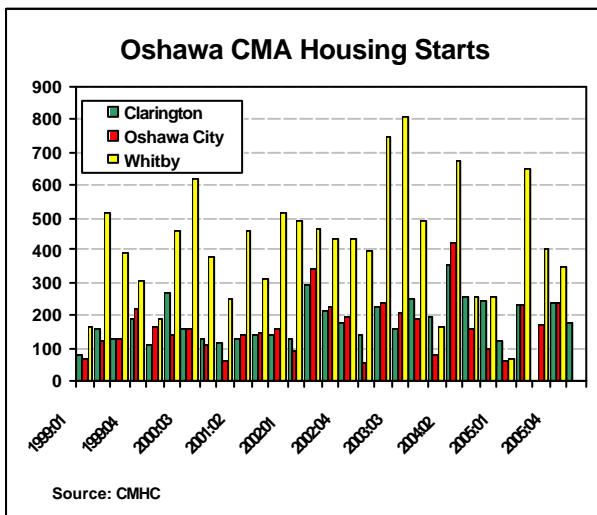


Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q1 2005	Q1 2006	% change	Q1 2005	Q1 2006	% change	2005	2006	% change
Oshawa CMA	192	474	146.9	50	244	**	242	718	196.7
Clarington	75	86	14.7	46	6	-87.0	121	92	-24.0
Oshawa City	56	182	**	0	0	NA	56	182	**
Whitby	61	206	**	4	238	**	65	444	**

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

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2005	YTD 2006	% change	YTD 2005	YTD 2006	% change	2005	2006	% change
Oshawa CMA	192	474	146.9	50	244	**	242	718	196.7
Clarington	75	86	14.7	46	6	-87.0	121	92	-24.0
Oshawa City	56	182	**	0	0	NA	56	182	**
Whitby	61	206	**	4	238	**	65	444	**

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

Sub Market Area	Q1 2005	Q1 2006	% Change	YTD 2005	YTD 2006	% Change
Oshawa CMA	277,670	321,608	15.8	277,670	321,608	15.8
Clarington	246,586	288,085	16.8	246,586	288,085	16.8
Oshawa City	266,614	327,744	22.9	266,614	327,744	22.9
Whitby	325,184	336,364	3.4	325,184	336,364	3.4

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

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

AREA	PRICE RANGES										TOTAL
	<\$199,999		\$200 -249,999		\$250-299,999		\$300-349,999		\$350,000+		
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
Oshawa CMA											
Q1 2006	4	1.1	59	15.9	109	29.4	101	27.2	98	26.4	371
Q1 2005	49	10.6	178	38.4	111	24.0	70	15.1	55	11.9	463
YTD 2006	4	1.1	59	15.9	109	29.4	101	27.2	98	26.4	371
YTD 2005	49	10.6	178	38.4	111	24.0	70	15.1	55	11.9	463
Clarington											
Q1 2006	3	3.2	36	37.9	31	32.6	7	7.4	18	18.9	95
Q1 2005	38	20.4	101	54.3	26	14.0	6	3.2	15	8.1	186
YTD 2006	3	3.2	36	37.9	31	32.6	7	7.4	18	18.9	95
YTD 2005	38	20.4	101	54.3	26	14.0	6	3.2	15	8.1	186
Oshawa City											
Q1 2006	0	0.0	9	8.7	29	28.2	36	35.0	29	28.2	103
Q1 2005	11	8.7	52	41.3	42	33.3	12	9.5	9	7.1	126
YTD 2006	0	0.0	9	8.7	29	28.2	36	35.0	29	28.2	103
YTD 2005	11	8.7	52	41.3	42	33.3	12	9.5	9	7.1	126
Whitby											
Q1 2006	1	0.6	14	8.1	49	28.3	58	33.5	51	29.5	173
Q1 2005	0	0.0	25	16.6	43	28.5	52	34.4	31	20.5	151
YTD 2006	1	0.6	14	8.1	49	28.3	58	33.5	51	29.5	173
YTD 2005	0	0.0	25	16.6	43	28.5	52	34.4	31	20.5	151

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

CMHC has recently published two new reports - **Residential Intensification Case Studies: Municipal Incentives** and **Residential Intensification Case Studies: Built Projects**. The former profiles municipal initiatives (e.g. infill development, brownfield redevelopment, secondary suites) that have been successfully implemented to overcome obstacles and encourage residential intensification. The latter report includes 23 examples to illustrate the unique challenges and rewards of intensification.

To download the Research Highlights or order the full reports online, click on www.cmhc.ca. For more information, or to order by phone, call 1-800-668-2642.

Table 5: Resale Housing Activity for Oshawa CMA

	Number of Sales	Yr/Yr %	Number of New Listings	Sales-to-New Listings	Average Price (\$)	Yr/Yr %
Durham Region						
Q1 2005	2,063	-16.9	4,294	48.0	247,856	7.0
Q1 2006	2,436	18.1	5,407	45.1	258,818	4.4
YTD 2005	2,063	-16.9	4,294		247,856	7.0
YTD 2006	2,436	18.1	5,407		258,818	4.4
Oshawa CMA						
Q1 2005	1,289	-16.5	2,516	51.2	231,119	9.7
Q1 2006	1,480	14.8	3,144	47.1	235,878	2.1
YTD 2005	1,289	-16.5	2,516		231,119	9.7
YTD 2006	1,480	14.8	3,144		235,878	2.1
Whitby						
Q1 2005	435	-9.9	981	44.3	275,013	7.6
Q1 2006	508	16.8	1,125	45.2	279,437	1.6
YTD 2005	435	-9.9	981		275,013	7.6
YTD 2006	508	16.8	1,125		279,437	1.6
Oshawa City						
Q1 2005	525	-21.9	896	58.6	195,790	9.9
Q1 2006	610	16.2	1,219	50.0	200,275	2.3
YTD 2005	525	-21.9	896		195,790	9.9
YTD 2006	610	16.2	1,219		200,275	2.3
Clarington						
Q1 2005	329	-15.2	639	51.5	229,458	8.8
Q1 2006	362	10.0	800	45.3	234,744	2.3
YTD 2005	329	-15.2	639		229,458	8.8
YTD 2006	362	10.0	800		234,744	2.3
Oshawa CMA						
	Annual Sales	Yr/Yr %	Annual New Listings	Yr/Yr %	Annual Average Price (\$)	Yr/Yr %
1997	4,314	2.4	6,232	-4.3	147,408	4.3
1998	4,237	-1.8	6,009	-3.6	150,995	2.4
1999	4,454	5.1	6,063	0.9	155,994	3.3
2000	4,401	-1.2	6,368	5.0	164,416	5.4
2001	4,937	12.2	6,937	8.9	172,603	5.0
2002	5,186	5.0	6,859	-1.1	186,785	8.2
2003	5,586	7.7	7,772	13.3	202,272	8.3
2004	6,328	13.3	9,081	16.8	220,873	9.2
2005	5,894	-6.9	10,160	11.9	236,477	7.1

Source: Toronto Real Estate Board

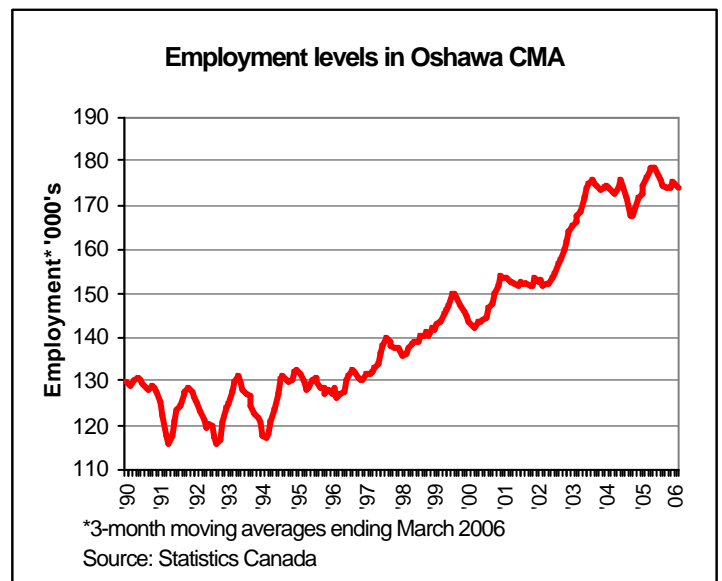
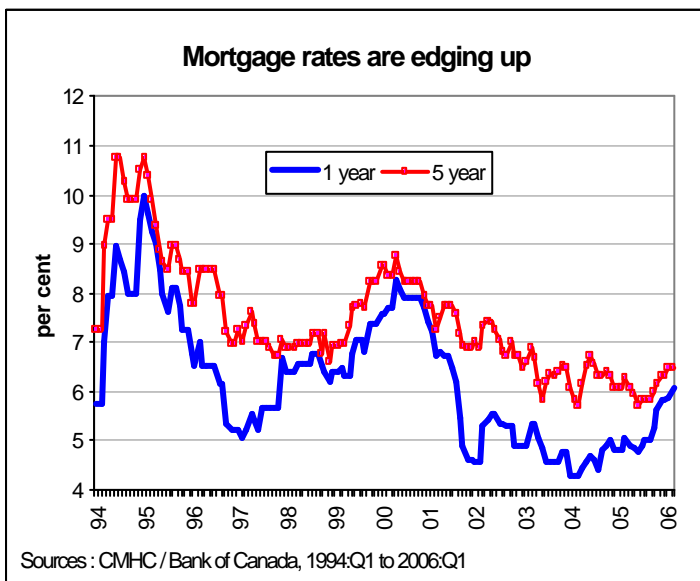
Table 6: Economic Indicators

		Interest and Exchange Rates			Inflation Rate (%)	Oshawa CMA Labour Market			
		P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)	Ontario 1996=100	Employment SA** (.000)	Employment SA m/m (%)	Unemployment Rate (%) SA
			1 Yr. Term	5 Yr. Term					
2005	January	642.78	4.8	6.1	0.806	1.0	172.8	0.7	6.2
	February	642.78	4.8	6.1	0.811	1.4	175.0	1.3	6.4
	March	654.74	5.1	6.3	0.827	1.9	176.3	0.7	7.2
	April	642.78	4.9	6.1	0.795	1.9	178.0	1.0	7.0
	May	636.84	4.9	6.0	0.797	1.3	177.4	-0.3	6.6
	June	622.08	4.8	5.7	0.816	1.6	176.8	-0.3	6.0
	July	627.97	4.9	5.8	0.817	1.7	175.6	-0.7	6.0
	August	627.97	5.0	5.8	0.842	2.4	175.3	-0.2	6.6
	September	627.97	5.0	5.8	0.860	2.7	175.5	0.1	6.0
	October	639.81	5.3	6.0	0.847	2.3	175.3	-0.1	6.2
	November	648.75	5.6	6.2	0.857	1.9	175.8	0.3	6.0
	December	657.75	5.8	6.3	0.860	2.1	175.8	0.0	6.6
2006	January	657.75	5.8	6.3	0.878	2.8	175.4	-0.2	6.9
	February	666.80	5.9	6.5	0.880	2.0	174.4	-0.6	6.7
	March	666.80	6.1	6.5	0.856	2.0	174.1	-0.2	6.5
	April								
	May								
	June								
	July								
	August								
	September								
	October								
	November								
	December								

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

** Seasonally Adjusted

Sources: CMHC, Statistics Canada, Bank of Canada



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>

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