

# H

# HOUSING MARKET

# OUTLOOK

Canada

Canada Mortgage and Housing Corporation

www.cmhc.ca

## Housing starts will begin to taper off

## Second Quarter 2005

### Overview

#### Housing starts:

**2005: 216,400**

**2006: 200,200**

#### Resales:

**2005: 441,100**

**2006: 425,300**

**Housing starts:** Housing starts will slow in 2005 to 216,400 units, to post their third highest level in 17 years. Starts will continue to edge lower in 2006, to 200,200 units. The decrease in starts will reflect a slight rise in mortgage rates and less spillover demand due to more balanced conditions in the existing home market.

**Resales:** Sales of existing homes will decrease to 441,100 units in 2005 and to 425,300 units in 2006 due to both rising house prices and the slight increase in mortgage rates.

**Resale prices:** As resale markets move from sellers' conditions toward more balanced conditions growth in house prices will slow. ([Details on Page 3](#))

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**CMHC Housing Market Outlook Canada** is your national sales, marketing, and business planning tool.

### The Nation's HOT SPOT

#### British Columbia:

The British Columbia economy is growing above its potential, and its labour market will improve alongside a growing economy. As a result, housing starts will increase to over 33,000 units in 2005. ([Details on Page 9](#))

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Canada



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# National Housing Outlook

## In Detail

Housing starts for Canada in 2005 will decrease to 216,400 units, down 7.3 per cent from the 17-year high of 233,431 units in 2004. In 2006, starts will slide further, reaching 200,200 units, a 7.5 per cent decrease. In spite of the decrease, new home construction will remain strong by historical standards.

House prices have grown at a rapid pace over the past three years. Continued although slower growth in house prices coupled with modest increases in mortgage rates this year and next will lead to a gradual erosion of housing demand. In particular, many first-time buyers, who do not have equity to draw on for a downpayment, might find the rise in mortgage carrying costs harder to bear. Moreover, rising rental vacancy rates have led to slower growth in rents. As a result, the gap between the cost of renting and owning a home has increased, which could also reduce homeownership demand among first-time buyers.

Other factors also point towards a decrease in the pace of new home construction. The pent-up demand that built up during most of the 1990s is gradually eroding. As a result, housing starts will gradually move in line with demographic fundamentals. The increase in new listings in the resale market provides more choice for home seekers and reduces the spillover of buyers from the existing home market into the new home market. Less spillover demand will also contribute to the decrease in housing starts in 2005 and 2006, as will rising construction costs which contribute to widening the price gap between new and existing home markets.

### Starts of single homes to slow

Single detached starts will fall by 9.8 per cent to 116,500 units in 2005 and decline by an additional 7.7 per cent to 107,500 units in 2006.

Most provinces will experience this slowing trend in single home starts in 2005. In percentage terms, the largest decreases will be in Newfoundland (14.8 per cent), Ontario (14.2 per cent), and Quebec (11.7 per cent). Bucking this downward trend are Manitoba and Saskatchewan, where single starts are forecast to increase slightly. In Manitoba single starts will reach 3,600 units, up 3.3 per cent and in Saskatchewan they will reach 2,200 units, an increase of 0.3 per cent.

### Starts of multi-family homes edge lower in 2005

Multi-family housing starts (semi-detached, row and apartment units) are also expected to slow in 2005 although to a lesser extent than singles. This reflects the shift in demand from homebuyers toward less expensive homes.

Multiple dwelling starts will moderate to 99,900 units in 2005 (down 4.2 per cent) and to 92,700 units in 2006 (down 7.2 per cent). Starts of apartments and semi-detached homes will dip 6.1 and 5.6 per cent respectively in 2005 while starts of row houses will increase 2.5 per cent.

In 2005, only four out of ten provinces, namely Newfoundland, PEI, Quebec and Alberta, will experience declines in multi-family starts. Nevertheless, lower multiple starts in these provinces will more than offset gains in the rest of the country.

### MLS® sales will remain strong

Existing home sales, as measured by the Multiple Listing Service (MLS®), will register their second best year on record with 441,100 units in 2005, a decrease of 4.3 per cent compared to the previous year. A rise in new listings will help keep MLS® sales strong in 2006 at 425,300 units. However, the steady price increases of the past three years and the expected rise in mortgage rates will push mortgage carrying costs higher and housing demand will ease gradually.

Sales will decrease everywhere except in New-Brunswick, Manitoba and Saskatchewan. Quebec will be the only province to register a double digit decrease in 2005.

### Prices bound to increase modestly

The rate of increase in existing house prices will moderate in 2005. New listings of existing homes will remain strong while sales will ebb. As a result, existing home markets will become more balanced and price pressures will ease. The average MLS® price will increase by 6.8 per cent in 2005 and by 4.3 per cent in 2006.

# Trends Impacting Housing

## The Economy

Canada's real gross domestic product (GDP) expanded by 2.8 per cent in 2004. While economic growth improved relative to the previous year's 2.0 per cent, the economy's expansion remains slightly below trend.

Growth in real GDP has been held back due to a weak trade performance with other countries. Canada's exports did increase by 4.9 per cent in 2004, however, growth in imports was an even stronger 8.2 per cent. When international trade is factored out, the performance of Canada's economy last year was much more encouraging. Indeed, final domestic demand (FDD) grew by 3.8 per cent in 2004. Consumer spending, residential investment and business investment in machinery and equipment each contributed to the strong domestic economy.

Economic growth is expected to remain slow in the first half of 2005 as the significant build-up in business inventories is unwound and as exports continue to adjust to the higher Canadian dollar. However, GDP growth will accelerate in the second half of 2005 to average 2.6 per cent for the year. GDP growth will strengthen to 3.2 per cent in 2006.

## Mortgage Rates

Inflation in Canada is well behaved. Given the continuation of below-trend growth in the first half of 2005, inflationary pressures are unlikely to build significantly in the near term. However, a number of indicators, such as high capacity utilization, the near record employment to population ratio, and the small output gap, suggest that the Canadian economy is operating close to its capacity. Therefore, the Bank of Canada is expected to move toward more neutral monetary conditions by gradually raising interest rates in 2005 and 2006. As a result, the prime lending rate will rise slowly this year and next.

Short-term mortgage rates move in tandem with the prime lending rate while mid- and long-term mortgage rates vary in response to the cost of raising funds in the bond markets.

Posted mortgage rates are forecast to rise moderately in 2005-06. However, tame inflation, a strong Canadian dollar vis-à-vis its U.S. counterpart, and slower economic growth in Canada will restrain the size and speed of

Canadian interest and mortgage rate increases in 2005-06.

Mortgage rates are expected to remain low, rising by less than 50 basis points annually this year and next. One, three and five-year mortgage rates are forecast to be in the 4.50-5.50, 5.50-6.50, and 5.75-6.75 per cent range respectively in 2005.

## Migration

The target range for immigration is for between 220,000 and 245,000 new permanent residents per year. Recently, the department of Citizenship and Immigration announced measures to speed up the processing of sponsorship applications for parents and grandparents coming to Canada as family class immigrants.

In 2004, more than 235,000 immigrants came to Canada, up from about 221,000 the previous year. Recently arrived immigrants tend to initially settle in rental housing. However, as time passes, a rising share of immigrants purchase their homes.

## Employment and Income

The Canadian labour market did well in 2004 and employment increased by 1.8 per cent compared to 2003. Between January 2004 and March 2005, about 250,000 jobs were created, 245,000 of which were full-time. As a result, the unemployment rate has drifted down to 6.9 per cent and a near record share of Canadians are employed.

Looking ahead, with the Canadian economy close to full employment, job creation will slow to rates more in line with growth in the source population. Thus, employment is forecast to grow by 1.5% in both 2005 and 2006.

Income growth remained steady and outpaced inflation again with a 4.1% increase in 2004. Rising employment and labour income will continue to support healthy demand for housing.

## Consumer Confidence

The Conference Board of Canada's index of consumer attitudes remains relatively high, indicating Canadians still foresee positive economic conditions in the near term. More specifically, over 60% of respondents indicated that the time was right to make major purchases such as cars or homes in March 2005.

# Trends at a Glance

## Key factors and their Effects on Residential Construction

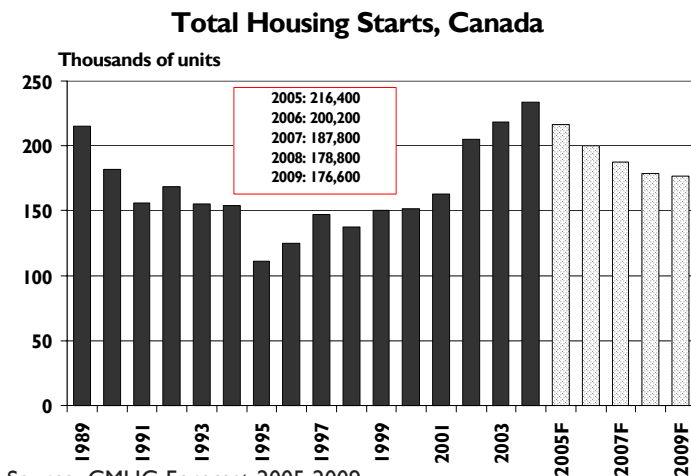
Factor	Comment
Mortgage Rates	Mortgage rates will rise modestly over the next two years although they will remain low in historical terms. This will progressively ease housing demand.
Employment	Employment will continue to stimulate housing demand. However, as we approach full employment, job growth will slow to rates that are more in line with population growth. This will in turn temper housing demand.
Income	The resulting slowdown in employment growth will also translate into smaller disposable income gains. However, household income growth will continue to sustain solid consumer spending and reduce the impact of increased mortgage costs.
Net Migration	Immigrants tend to settle initially in rental housing in large urban centres. Therefore, at first, recovering immigration levels, will boost demand for rental demand. However, over time, as an increasing share of immigrants buy homes, there will be upward pressure on homeownership demand and housing starts.
Natural Population Increase	Canada's population is aging and there are fewer people in their child bearing years. Thus, the contribution of births to population growth is declining. However, the impact of today's lower births on household formation and housing demand wont be felt until these young Canadians grow up and move out on their own in 20 to 30 years.
Consumer Confidence	The index of consumer attitudes, as measured by the Conference Board of Canada, indicates that consumers' appetite for big ticket items remains high. Favourable economic conditions this year and next will keep consumers in a spending mood which will support the housing market.
Resale Market	An increase in new listings coupled with lower MLS sales will help the resale market move toward more balanced conditions. Hence, future price increases will be more modest. A more balance resale market will also result in less spillover of buyers into the new home market and put downward pressure on starts.
Vacancy Rates	The vacancy rates across Canada's metropolitan centres climbed for a third consecutive year in 2004. With rental demand waning, future rental housing starts will be limited.

# Special Report: 2005-2009 Outlook

Residential construction peaked in 2004 and will decline through to 2009, as factors that drive housing demand will, on balance, become less stimulative.

In 2006, housing starts will have remained above the 200,000 unit threshold for five consecutive years, a feat last accomplished in the 1971-78 period. Housing starts are forecast to decline gradually over the medium term, reaching 176,600 units by 2009, which is well above the average level observed during the 1990s of about 150,000 units.

The Canadian economy is operating close to its capacity. Therefore, over the medium term, the economy will expand at its long-term non-inflationary annual growth rate of 3 per cent. Being close to full-employment implies that labour force and employment growth should slow to a pace that is more in line with population growth over the foreseeable future. Employment growth will average 1.5 per cent annually over the 2005 to 2009 period.



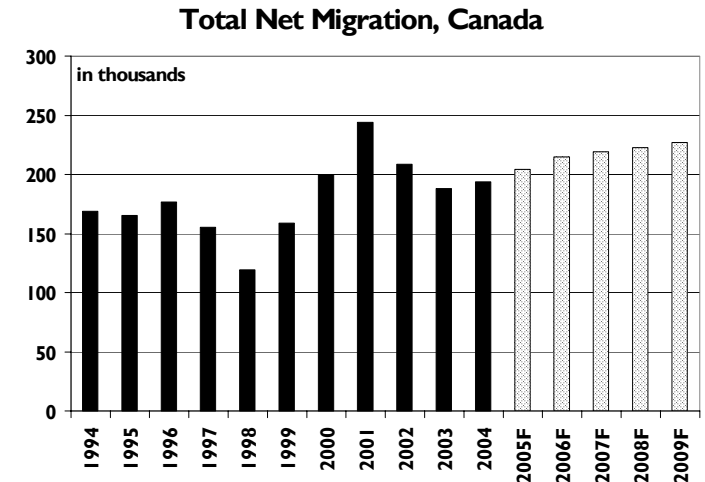
Source: CMHC Forecast 2005-2009

Population growth is a key driver of housing demand over the longer term and a key component of it is immigration. Immigration to Canada recovered to reach more than 235,000 arrivals in 2004. Looking ahead, Canada's positive economic and social environment will attract an increasing number of immigrants over the next five years. By 2009, immigration will reach 245,000 annual arrivals, which is the upper end of the Department of Citizenship and Immigration's target range. Ontario, Quebec, and British Columbia will attract most of the new immigrants settling in Canada.

At the provincial level, population growth can also get a boost from interprovincial migration. Alberta will continue to attract the majority of interprovincial migration, however, British Columbia is expected to almost catch-up by 2009.

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On the other hand, Ontario and Quebec will see a net outflow of interprovincial migrants over the next five years.



Source: CMHC Forecast 2005-2009, Statistics Canada

## Rising mortgage carrying costs will reduce demand for housing

A gradual increase in mortgage rates over the next five years combined with continued, although more modest, growth in house prices will push up mortgage carrying cost between 2005 and 2009. This and the erosion of the pent-up demand for housing that accumulated during the 1990s will cause housing demand to weaken gradually.

Seller's market conditions in recent years meant that relatively few existing homes were available for sale compared to the number of people who wanted to buy them. As a result, there was a spill over of housing demand from the existing home market into the new home market. Between 2005 and 2009, the existing home market will move progressively toward more balanced conditions, and the spillover demand in the new home market will decrease. Balanced markets also imply that house prices will become more in line with the general rate of inflation in the economy.

On balance, these factors will lead to a gradual decrease in the pace of new home construction.

## Provincial details: 2005-2009

The declining trend in Canadian housing starts over the 2005 to 2009 period will be reflected in all provinces except Manitoba, where starts are forecast to climb to 5,400 units by 2009, nearly 22 per cent above their 2004 level.

**Newfoundland and Labrador**

Provincial economic growth is expected to post a sharp increase in 2006 as oil production at White Rose begins. As for the remainder of the forecast period, provincial economic growth will be negatively affected by expected declines in oil production at Terra Nova and Hibernia as these projects pass their production peaks. Weak growth will be reflected in meagre job creation and will lead to a net outflow of interprovincial migrants. Together, these factors will lead to a decrease in housing starts to 2,050 units in 2009, down from 2,870 units in 2004.

**Prince Edward Island**

The Island's economy is expected to record moderate economic growth over the entire forecast period as the agriculture sector, the fisheries, and export markets continue to show improvement. P.E.I. posted a net increase in population between the 1996 and 2001 censuses and this trend of population growth is expected to continue over the entire forecast period. Net-migration should remain positive as people continue to return to the island to either finish out their careers or retire. Although this increase in population should serve to support housing activity, the longer term outlook is for a gradual decrease in starts due to the aging population and a decrease in household formation. Nevertheless, the trend toward urbanization will continue to buoy the housing markets in both Charlottetown and Summerside. Housing starts are expected to gradually decline to 645 units by 2009, down from the peak of over 900 units in 2004.

**Nova Scotia**

Slower employment growth and rising interest rates are expected to dampen consumption in Nova Scotia over the next five years as housing starts decline from cyclical high levels and the pace of retail sales growth eases. With the absence of considerable net positive migration to the province and rising interest rates over the forecast period, housing demand is expected to wane, resulting in a slower

pace of sales and lower rates of price growth. Nevertheless, the healthy economic outlook is expected to provide the support necessary to ensure a soft landing for the provincial housing market over the next five years. Housing starts will decrease to 3,775 units in 2009, down from over 4,700 units in 2004.

**New Brunswick**

The provincial economy is forecast to grow modestly over the 2005-2009 period. As a trade-focused province, New Brunswick will continue to face global competitive pressures, therefore, investment in productivity enhancing technologies, especially in the forestry sector, will remain crucial. The resource sector is important to the continued growth of the NB economy and exports of raw materials and finished goods will be impacted by the high dollar and by weaker commodity markets as global economic growth slows later in the decade. Modest economic and employment growth, increasing interest rates, and much slower population growth will cause housing demand to decline over the forecast period. Expect total housing starts to reach 3,250 units by 2009, down from close to 4,000 units in 2004.

**Quebec**

Steadily rising net migration (fuelled by immigration) and an aging population will contribute to sustaining and diversifying future housing demand. Over the 2005 to 2009 period, the Quebec economy is expected to grow at just under three per cent, falling just short of the national average, and employment growth will gradually strengthen. However, the recent pace of residential construction is very high and will drift back toward more sustainable levels. Housing starts will reach 36,000 units by 2009, down from over 58,000 units in 2004.

**Total Housing Starts, Canada and the Provinces**

	2003	2004	2005F	2006F	2007F	2008F	2009F
Newfoundland	2,692	2,870	2,475	2,250	2,150	2,100	2,050
Prince Edward Island	814	919	800	710	685	670	645
Nova Scotia	5,096	4,717	4,575	4,550	4,300	4,050	3,775
New Brunswick	4,489	3,947	4,000	3,700	3,550	3,275	3,250
Quebec	50,289	58,448	50,000	45,000	41,050	37,000	36,000
Ontario	85,180	85,114	78,500	71,500	67,000	66,000	65,000
Manitoba	4,206	4,440	4,600	4,800	5,000	5,200	5,400
Saskatchewan	3,315	3,781	3,850	3,600	3,600	3,500	3,500
Alberta	36,171	36,270	34,000	32,500	30,000	28,000	28,500
British Columbia	26,174	32,925	33,600	31,600	30,500	29,000	28,500
Canada	218,426	233,431	216,400	200,200	187,800	178,800	176,600

Source: CMHC Forecast 2005-2009

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## Ontario

Ontario housing starts have outpaced the rate of household formation since 2001. Favourable economic and migration trends have made this possible, triggering a cyclical peak in housing activity between 2003 and 2004. Looking ahead, less stimulus coming from the job market, population growth, and interest rates will result in a downtrend in Ontario home starts—bringing housing starts more in balance with regional demographic trends. This, combined with less pressure from the resale market and tighter land supply should pull Ontario home starts down to 65,000 units by 2009 from a peak of over 85,000 units in 2004.

## Manitoba

Housing starts are expected to remain high in Manitoba for the next few years fuelled by continued population and household growth as well as favourable economic conditions. In Winnipeg there appears to be some pent-up demand as household growth has outstripped the growth of the housing stock for several years. With little selection in the resale market, home buyers will continue to be pushed to the new home market keeping single-family starts high. Serviced land supply issues in Winnipeg are also expected to be resolved by 2007, removing one constraint currently being faced by builders. Housing starts will increase to 5,400 units by 2009, up from about 4,440 units in 2004.

## Saskatchewan

Saskatchewan will continue to benefit from historically firm demand for its natural resources yielding robust economic growth. Migration will be positive in the outlook period for the first time in more than 20 years. Rising prices and a slow increase in mortgage interest rates will encourage first-time home buyers to return to the existing home market. Single starts will plateau while multis will fall off due to the shift away from affordable row units back to the luxury condominium style apartments. Starts will moderate to 3,500 units in 2009, down slightly from 3,800 units in 2004.

## Alberta

Thanks to high levels of investment in the oil and gas sectors, the Alberta economy is projected to grow at an average annual rate of 3.6 per cent from 2005 to 2009. Continued expansion of the economy means that the province will have the lowest unemployment rate among the provinces over the forecast period. With the unemployment rate anticipated to remain around 4.4 per cent over the forecast horizon, Alberta can be considered to be at full-employment. As a result, Alberta will maintain its position as the top choice of destination

for Canadians from other provinces seeking job opportunities. The combination of a buoyant labour market and population growth will translate into strong resale and new construction activity. Nevertheless, new home construction will be on a declining trend until 2007 prior to stabilizing around 28,000 units in 2008 and 2009. From 2002 to 2004, there were a total of 111,195 starts in the province. This was the second best performance for a three year period next to the 1977 to 1979 period when 125,947 starts were recorded. With annual housing starts exceeding the annual rate of household formation over the past three years, it appears that a significant portion of pent-up housing demand in the province has been satisfied. Despite the decline, starts activity over the forecast horizon will be higher than the 1994 to 2004 average of about 26,470 units.

## British Columbia

During the next five years, residential construction activity in British Columbia is expected to remain above the long-term average, trending down slightly in 2006 through 2009. The level of new home construction is forecast to exceed underlying household formation in the near term. The projected decrease in the level of housing starts after 2006 is the result of a return to a level more consistent with demographic demand. Rising, but low mortgage rates will support the outlook in the near term while solid fundamentals provide the basis for the long-term forecast. Employment growth is set to continue near two per cent per year, and future productivity gains from capital investment will lead to growth in incomes. Population growth in the province will pick up as the net gain from interprovincial migration increases alongside a continued inflow of people from other countries. The province is also set to expand its international appeal as host to the 2010 Winter Olympics. Housing starts are expected to reach 28,500 units by 2009, down from 32,925 units in 2004.

## Forecast Risks

### *More rapid rise in interest rates*

The current forecast assumes a gradual rise in interest rates, however, if rates were to rise more abruptly, housing starts could be weaker than forecast. Stronger inflation could be triggered by capacity constraints in the Canadian economy or from the pass-through of high energy prices. Rising inflation would be accompanied by a more rapid pace of interest rate increases, causing housing starts to fall below the levels forecast in the 2006 to 2009 period.



# British Columbia

## Overview

### Housing activity to stay above average

In 2004, more than 96,000 homes changed hands in British Columbia, accounting for one-fifth of MLS® sales in Canada. New home construction recorded its fourth year of 20 per cent plus growth, bringing the level of housing starts above the long-term average.

Economic conditions in the province point to continued high levels of activity in both the new and existing home markets in 2005 and 2006. Housing starts will remain above the long-term average, this year and next. Starts will reach 33,600 units in 2005, a 2.1 per cent annual increase and will edge down to 31,600 units in 2006. Gradually rising mortgage rates combined with rising home prices will moderate housing demand in late 2005 and into 2006.

The British Columbia economy is growing above its potential, mainly due to consumer spending and residential investment. Strong global demand for the province's key exports is also driving economic activity. Low interest rates will maintain domestic demand while a

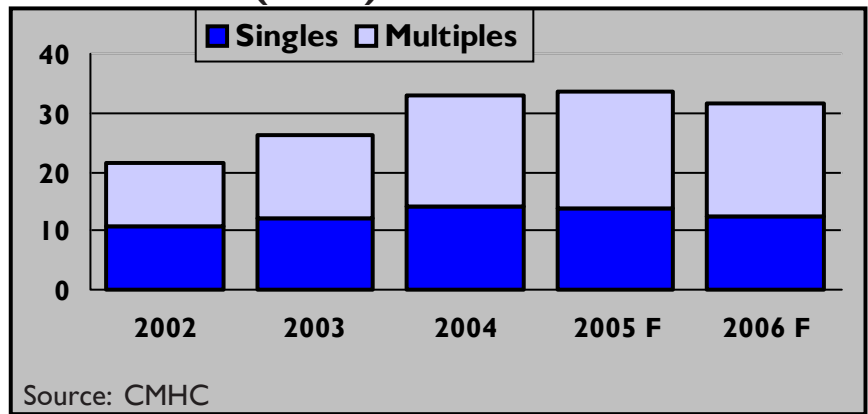
## In Detail

**Single Starts:** Single-detached homes will represent a smaller share of new home construction as builders and consumers shift to lower priced product types in the face of rising prices and mortgage rates. The forecast of 13,800 single-detached starts in 2005 represents a 1.8 per cent decrease from 2004 levels. In 2006, an additional 12,600 single-detached homes will be added to the provincial housing stock.

**Multiple Starts:** Momentum in the multiple-unit segment of the market will carry on through the next two years as developers respond to consumer demand for this type of housing. In 2005, multiple unit starts will increase 4.9 per cent, to 19,800 units. Construction activity will moderate in 2006 to 19,000 units. Most of the new multiple activity will be in the apartment and condominium categories.

**Resales:** High levels of consumer confidence and the ongoing low interest rates will result in moderating but still high levels of resale activity during the next two years. MLS®

## B.C. Starts (000's)



high Canadian dollar will encourage investment in machinery and equipment, setting the province up for future productivity gains.

British Columbia's labour market will improve alongside a growing economy. Employment is projected to increase 2.7 per cent in 2005 and 2.1 per cent in 2006, generating an additional 100,000 jobs. The unemployment rate, currently near generational lows, will decline in 2005 as the labour force expands at a slower pace than job growth. Improving labour markets will bolster already high levels of consumer confidence.

Net interprovincial migration doubled in 2004 and will continue to climb. Combined with a net gain of people moving from other countries, British Columbia will see its population growth rate increase. This inflow of people will prolong the province's housing expansion beyond that of the rest of Canada and keep housing activity above long-term average levels.

activity will hit 90,000 units in 2005, a 6.6 per cent decline and will decrease to 85,600 units in 2006. This is well above the 20-year average level for existing home sales of about 65,000 units in the province.

**Prices:** The trend in active listings turned upwards in some of the larger markets including Vancouver and Victoria in response to higher prices, while other areas of the province, including Kamloops and Prince George, have not yet seen a pick up in listings. Sellers' market conditions will persist in most markets around the province, moving towards balanced conditions. The average MLS® price will increase faster than the general rate of inflation, rising 6.5 per cent in 2005 and 4.2 per cent in 2006.

## Provincial Highlight

### Full-time employment growth boosts B.C. housing market

Growth in employment is one of the key drivers of housing demand in British Columbia. Gains in employment lead to growth in incomes, increasing consumers' ability to carry a mortgage. As well, higher levels of consumer confidence reflect improving labour market conditions. In 2004, employment grew 2.3 per cent (45,500 jobs) on top of a 2.8 per cent increase in 2003. In the first quarter of 2005, employment was up 2.8 per cent from year-earlier levels. Since 2003, employment gains have been concentrated in full-time employment, with the number of people employed part-time declining. Goods-sector employment has been growing faster than service-sector jobs due, in part, to a significant increase in construction employment. These job gains bode well for the housing sector going forward.

# Alberta

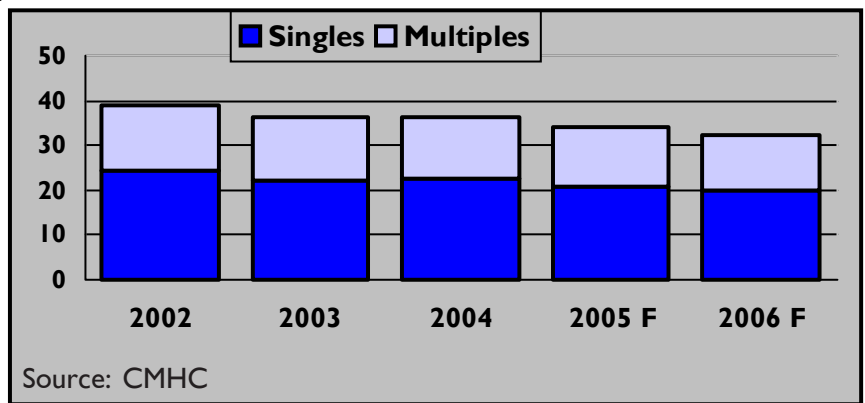
## Overview

### Housing starts remain above 30,000 units

At 36,270 units, total housing starts in 2004 finished 0.3 per cent ahead of 2003 activity. However, with starts surpassing household growth over the past three years, it would appear that pent-up demand in the province has been mostly satisfied. Consequently, starts activity is forecast to decline to 34,000 units in 2005 and 32,500 units in 2006. In spite of the declines this year and next, 2006 will represent the fifth consecutive year in which new home construction exceeds 30,000 units.

Positive economic fundamentals will be the major force behind the continued strong performance of the residential construction sector. Alberta's economy will be one of the strongest among the provinces over the next two years due to rising levels of capital spending in the oil and gas sector and higher government expenditures on education, health care and infrastructure improvements. The province's economic output is projected to expand by 3.8 per

## Alberta Starts (000's)



cent in 2005 and 4.1 per cent in 2006. The resulting growth in employment will keep the provincial unemployment rate well below the national average and provide confidence to households seeking to purchase a home.

While Alberta will continue to be the top choice of destinations for Canadians seeking employment, net gains from interprovincial migration are expected to weaken over the forecast period. Improving labour market conditions in other provinces in general and British Columbia in particular will put a ceiling on migration inflows. Nevertheless, the province will still gain about 50,000 persons from international and interprovincial migration through 2006. Gains from migration and natural increase will cause the province's population to grow at an average annual rate of 1.5 per cent in 2005 and 2006. Population growth will translate into household growth and contribute to demand for new housing.

## In Detail

**Single Starts:** The absence of pent-up demand will cause single-detached starts to slip from the levels seen over the past three years. At prevailing rates of absorption, there is a six month supply of single-family homes in urban markets, a level indicative of a balanced market. Starts will dip from 21,000 units in 2005 to 20,000 units in 2006, ensuring continued balance in the new home market.

**Multiple Starts:** Multi-family starts will decline to 13,000 units in 2005 and to 12,500 units in 2006. Activity will not match the levels of the past two years as the supply of ownership and rental multi-family homes in urban centres stands at about 12 and 20 months, respectively. Despite the decrease, the share of multiples in total housing starts will edge higher in 2005 and 2006.

**Resales:** Continued attractiveness of homeownership over renting means that MLS sales will remain above the 50,000 mark. However, rising mortgage carrying costs will cause sales to drop from 57,000 units in 2005 to 54,000 units in 2006.

**Prices:** High levels of resale activity will translate into higher prices and record MLS dollar volumes. The average MLS price is forecast to increase by nearly six per cent in 2005 and 2006.

## Provincial Highlight

### Red Deer starts rival those in some of Canada's CMAs

Alberta has two Census Metropolitan Areas (CMAs), Calgary and Edmonton. In 2004, these CMAs along with Vancouver, Toronto, and Montreal had the distinction of recording housing starts in excess of 10,000 units. However, other smaller CMAs such as Regina, Sherbrooke, and Kingston had starts in the 800 to 1,500 unit range in 2004. In Alberta, there is another centre, other than Calgary and Edmonton where housing starts over the past four years have been at CMA-type levels. Since 2001, total housing starts in the Red Deer, Census Agglomeration have exceeded 1,000 units per year. In 2004, there were 1,343 units started in the Red Deer. This level of activity exceeded the performance of eight CMAs in the country.

# Saskatchewan

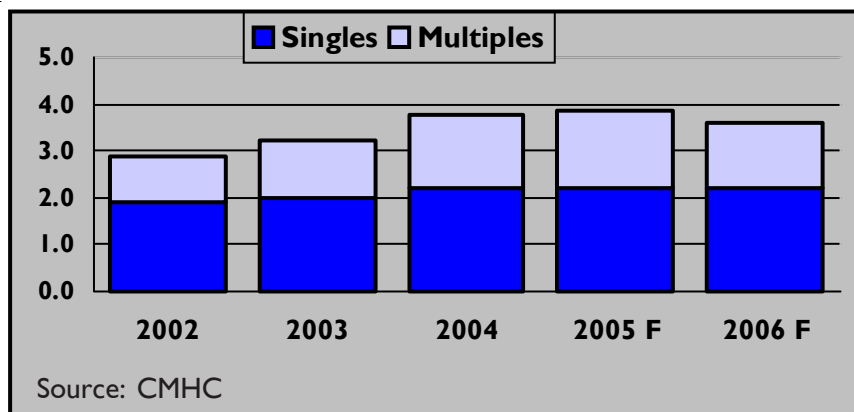
## Overview

### Starts to stay above the five year average

Total housing starts will peak at 3,850 units in 2005 and then dip slightly to 3,600 units in 2006. The improvement in net migration and the aging structure of the population are the reasons behind the strong performance.

Improving economic conditions in the province will reduce the necessity for people in Saskatchewan to seek work in other provinces. Economic growth over the next two years should remain close to the national average. Increased crop production in 2004 should translate into higher farm cash receipts in 2005. Meanwhile, Statistics Canada's 2005 survey of public and private investment intentions indicates that rising spending levels in the mining, oil and gas, utilities, and public administration sectors will cause expenditure on construction activities to jump by 16.2 per cent in 2005. The optimistic

## Saskatchewan Starts (000's)



outlook for oil and gas prices and the continued work by the Cigar Lake venture on the high grade uranium deposit at McArthur River will keep investment levels strong in 2006.

Economic growth will contribute to job gains and cause the unemployment rate to remain close to five per cent over the forecast period. The strength of the job market will encourage younger people to form their own households. Household formation will also receive a boost from lower losses through interprovincial migration and rising levels of international immigration. The combination of new younger households and a growing demand from households aged 45 years or more for condominium living will keep housing starts in 2005 and 2006 well above the 3,000 units average of the past five years.

## In Detail

**Single starts:** Regina and Saskatoon home builders are rushing to bring "spec" single family units to a stage where they can be shown to prospective buyers in anticipation of Spring show home parades. Units under construction in both centres have reached historically high levels for this time of year due to robust starts activity in the final months of 2004. Single starts will edge higher, to reach 2,200 units in both 2005 and 2006.

**Multiple Starts:** As forecast, luxury apartment condominium starts are maintaining a brisk pace while starts of moderately-priced, row condominium units are slowing as demand from first-time buyers and investors is satisfied. Our forecast calls for 1,650 multiple units in 2005, falling back to 1,400 units in 2006.

**Resales:** CMHC is forecasting sales of existing homes to increase slightly in 2005 to 8,500 units with another bump in 2006

to 8,800 sales. Existing housing sales have been sliding recently due to weak listings activity but this situation is projected to reverse as new condominium buyers list their existing homes.

**Prices:** Our forecast calls for modest increases in the average MLS price of 3.8 per cent in 2005 followed by a 4.3 per cent increase in 2006. Major markets will continue to have balanced characteristics and Regina and Saskatoon will be the most affordable on the Prairies.

## Provincial Highlight

### Stronger migration will contribute to housing demand

Saskatchewan migration is clawing its way back to positive territory after more than 20 years. Statistics Canada reported that total net out-migration for Saskatchewan was 1,711 persons in 2004, the lowest level of total net out-migration since 1998. Although interprovincial out-migration increased in 2004 compared to 2003, increased in-migration from other provinces overcame these losses. Improved international inflows also contributed to the migration picture. Enhanced economic conditions relative to other provinces, primarily Alberta, is attributed as being the key factor behind the encouraging migration numbers.

Regina and Saskatoon will capture the lion's share of the new in-migration adding to the inflows from rural Saskatchewan thus contributing to housing demand in these major cities.

# Manitoba

## Overview

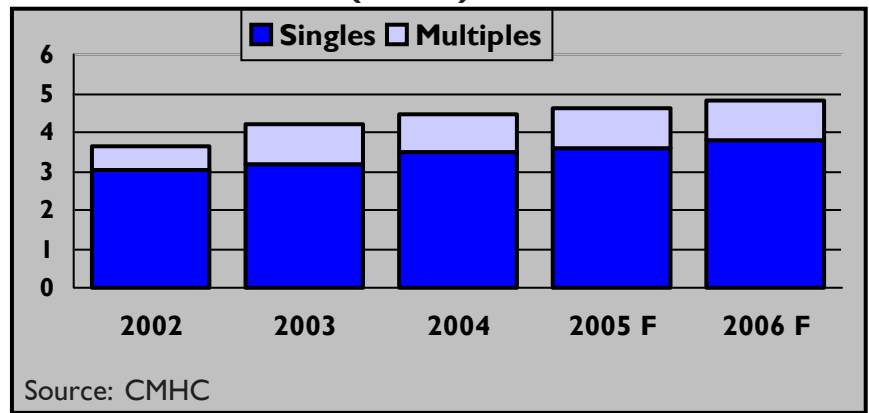
### Strong Momentum Continues

Due to positive economic and demographic factors, total housing starts are forecast to increase to 4,600 units in 2005 and to 4,800 units in 2006.

Labour market indicators in Manitoba are favourable for households seeking to make a first time or move-up purchase. Nearly 76 per cent of individuals in the labour force have a full-time job. Access to full-time employment makes it easier for households to obtain the required financing to buy a home.

The job environment will remain favourable over the forecast period. With the provincial economy forecast to grow at an annual rate of three per cent this year and next, Manitoba will have the lowest unemployment rate among all the provinces next to Alberta and Saskatchewan. The low unemployment rate is a sign that the province is

## Manitoba Starts (000's)



facing a shortage of skilled labour. About 69 per cent of the population over the age of 15 are working or seeking work, compared to the national average of 67.6 per cent.

The provincial government is trying to address the skill shortage through its immigration strategy. The strategy consists of six key parts, the pillar of which is the Provincial Nominee Program. CMHC is forecasting a net gain of 7,800 persons through international immigration in each of 2005 and 2006. Immigration gains will lead to the strongest levels of population and household growth since the early 1980s and contribute to the demand for new homes.

## In Detail

**Single Starts:** Demand continues to be strong for new single-family homes in Manitoba. Builders however will be challenged by a dwindling selection of serviced land in Winnipeg, the province's largest market. Developers are working to replenish the supply but it is unlikely that new land will be available before late 2006. Single-family starts will keep pace with last year and post 3,600 units in 2005 and climb to 3,800 in 2006.

**Multiple Starts:** Multiple-family starts will continue to hold the current pace for the next few years with 1,000 starts expected both this year and next. With an aging population, more and more empty-nesters are ready to make the move to apartment living. Persistently low vacancies in the rental market are also sparking an interest in new rental construction.

**Resales:** Resale activity will continue to be restricted by a lack of available listings. A recent modest upward trend in active listings

will continue throughout the forecast period and will help to push up sales. Provincial MLS sales will reach 13,000 units in 2005 and will rise again to 13,800 units in 2006.

**Prices:** With demand high and supply low, especially in the dominant Winnipeg market, prices will continue to rise. The average MLS price for Manitoba will rise nine per cent to \$130,000 in 2005 and rise another six per cent in 2006 to \$138,000.

## Provincial Highlight

### Construction labour shortages result in longer completion times for new homes

Annual single-family starts in the Winnipeg CMA have increased from around 1,250 units in the late 1990s to the current level of around 1,900 units, an increase of 52 per cent. Over the same period, construction employment has increased only 11 per cent, thus indicating that builders have been able to increase the number of homes started without relying on a large influx of new labour. An informal survey of some of Winnipeg's larger builders, however, has indicated that this increased starts activity has come at a price. They attest that homes are taking longer to complete than a few years ago since the same labour pool is now spread over a larger number of homes.

# Ontario

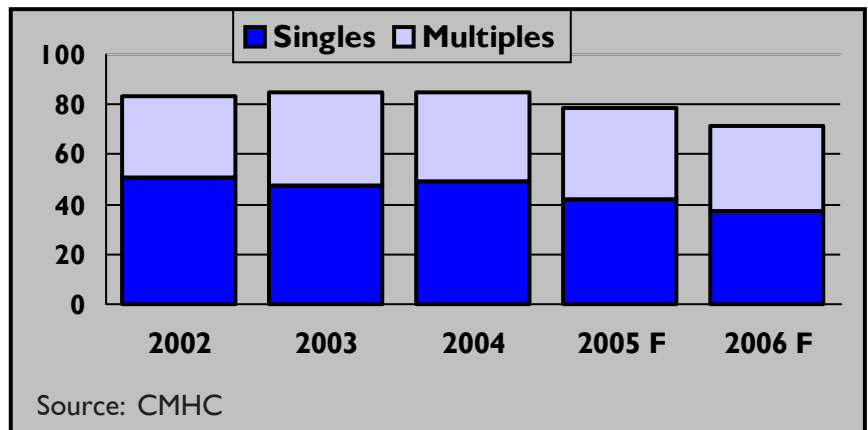
## Overview

### Existing home market will capture market share

Ontario home starts will remain above historical averages but will lose ground to the existing home market. Rising new detached home prices, increasing construction costs, land constraints, and increased choice in the resale market will pull starts lower in 2005 to 78,500 units and to 71,500 units in 2006.

A high Canadian dollar and modest interest rate hikes suggests productivity enhancing business spending on machinery and equipment along with consumer spending respectively, will contribute most to Ontario economic growth. This will partially offset the drag on GDP caused by provincial fiscal constraints and a softer export market. The need to boost productivity suggests that while GDP growth continues, albeit at a slower rate, job growth will slow more noticeably.

## Ontario Starts (000's)



Less housing market stimulus coming from job growth and interest rates will be met by slower population growth due to an aging Ontario population and slower growth in migration. Despite increases in Ontario immigration in 2004, Ontario's share of Canadian immigration has been drifting lower (from a 2001 high of 59% to a projected 52% for 2004). Similarly, inter provincial migration flows between Ontario and the rest of Canada will remain negative. A slower pace of manufacturing employment growth combined with the relatively high cost of housing will make Ontario a less appealing destination for migrants this year and next.

## In Detail

**Single Starts:** Despite a rapidly growing mid 40s population which prefers low density homes, higher economic costs of owning a detached home will turn against the average Ontario home buyer. Single starts will decrease to 42,000 units in 2005 and to 37,500 units in 2006.

**Multiple Starts:** A shrinking but healthy pool of first time buyers looking for less expensive forms of housing combined with provincial government policies that favour higher density housing suggests that multiple starts, particularly condominiums will remain strong. Multiple starts will edge higher to 36,500 units in 2005 and decrease to 34,000 units in 2006.

**Resales:** Sales through the Multiple Listing Services will pull back modestly from an all time record in 2004 as home prices and mortgage rates inch up. MLS® sales will edge lower in 2005 to 192,000 units and will decrease to 186,000 units in 2006.

**Prices:** Home prices are high and typically growing at several times inflation. The gap with inflation will be narrowed by growing

existing home listings. Look for Ontario home prices to rise by 7.2 and 4.6 per cent in 2005 and 2006, respectively.

## Provincial Highlight

### Ontario Homebuying Intentions Remain Healthy

Similar to previous consumer homebuying surveys released by CMHC, the share of households in Toronto and Ottawa thinking about a home purchase in 2005 remains at high levels. Smaller sized, first time buying households looking for an existing home continue to be a dominant force. Homebuying intentions are supported by positive economic conditions which include low borrowing costs and a healthy consumer and job market. Some key results from the survey include:

Approximately half of potential homebuyers are one and two person households,

First time buyers represent the majority of potential buyers,

Middle aged buyers between 35-44 are most interested in purchasing a home,

Well over half of potential buyers plan to purchase in an established neighbourhood.

The survey findings are consistent with our upbeat forecast of housing activity in the near term, particularly for the existing home market.

# Quebec

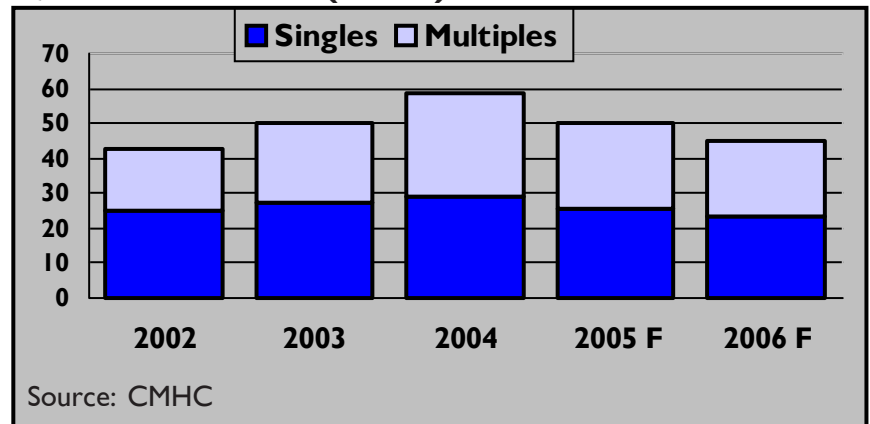
## Overview

### Housing starts will decline in 2005

Following several years of strong growth housing starts will decrease to 50,000 units in 2005 and to 45,000 units in 2006.

The provincial economy will experience moderate growth of 2.5 per cent in 2005 and 2.7 per cent in 2006. Consumer spending and business investment will be stalwarts for economic growth. On the other hand, a tight financial context continues to confine government spending to key sectors such as health care. Moreover, exports will continue to adjust to the higher dollar and the resulting decrease in competitiveness. With a record share of Quebecers employed and the provincial unemployment is near record lows future employment growth will be constrained by population growth. Therefore, in 2005 and 2006 employment growth will slow to 1.1

## Quebec Starts (000's)



per cent and will contribute to decreased housing demand.

Steady increases in immigration has boosted total net migration from 15,000 people in 2000 to over 33,000 in 2004, adding over 120,000 residents to the province's population. Positive net-migration will continue to supplement population growth and household formation in Quebec in 2005 and 2006. Meanwhile, the province's growing seniors population is already translating into increased demand for various forms of apartment construction such as condominiums geared to retirement aged clientele and seniors residences.

## In Detail

**Single Starts :** Starts of single detached homes will be in the vicinity of 26,000 units in 2005 and 24,000 units in 2006. Slower employment growth, slightly rising mortgage rates, increasing inventory on the resale market, and price pressures will continue to erode demand for single homes.

**Multiple Starts :** After several years of very strong growth, multi-family home building in Quebec - especially that of apartments - will drop in 2005. However, as the demographic landscape continues to fuel demand for condominiums, seniors residences, and conventional rental housing, housing starts in this market segment will remain at high levels. Multi-family starts will decrease to 24,500 units in 2005 and to 21,500 units in 2006.

**Resales :** Slower employment growth, modest interest rate increases, and rising home prices will lead to lower sales of existing homes. MLS sales will decrease to 61,000 units in 2005 and 58,000 in 2006.

**Prices :** Despite increases in resale listings and lower demand, prices in the resale home market will continue to rise but at a

noticeably slower pace in the next few years. Nevertheless, market conditions continue to favour sellers and home prices will continue to increase more rapidly than overall inflation. The average price in the province is expected to reach \$186,000 in 2005 and \$194,000 in 2006.

## Provincial Highlight

### Migration continues to sustain the housing market

In 2004, migration once again helped sustain the housing market in Quebec. In fact, according to the latest data released from Statistics Canada, total net migration for 2004 reached 33 299, an increase of 6 per cent compared to 2003 and the highest level since 1988. Migration in 2004 was marked by a faster pace of immigration, which surpassed 44,000 (a 12 per cent rise from the previous year) and, on the interprovincial side, a net loss of over 2,000 residents to other provinces.

Whereas the main impact of the strong immigration lies on the island of Montreal's rental market, we can expect that the suburban areas will also benefit given the fact that an increasing portion of immigrants now land outside of the island. For housing in general, there is no denying that the recent strong growth in net migration, which has added over 120,000 residents to Quebec's population since 2001, will have an impact in the years to come as immigrants eventually move out of the rental market into home ownership.

# New Brunswick

## Overview

### Residential construction will edge higher in 2005

Capital investment will play a key role in fuelling economic growth in New Brunswick over the forecast period. Major investment in road infrastructure, including the twinning of the Trans-Canada Highway in the northwest, will provide major stimulus to the provincial economy. Construction of a \$750 million LNG terminal and the Trans-Canada Pipeline co-generation plant in Saint John, as well as the refurbishment of the Point Lepreau nuclear power plant could also fuel economic growth once these major projects are approved. These projects would also stimulate job growth, in the construction sector initially and in the manufacturing sector once the projects are completed. However, the expected slow down in exports will somewhat offset the potential rise in capital investment. The high value of the Canadian dollar will most likely

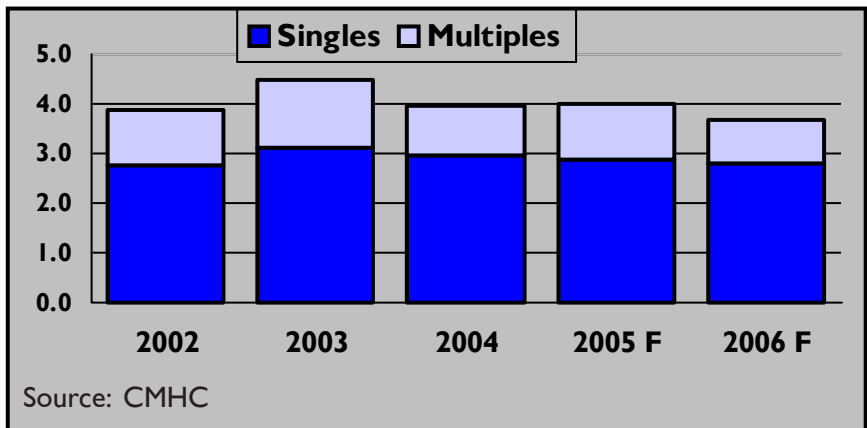
## In Detail

**Single Starts:** A slight increase in mortgage rates combined with rising construction costs and lot prices in urban centres will cause a slow down in single starts over the forecast period. An ample supply of existing homes available for sale will also cause a drop in single starts as potential buyers opt for the resale market. Expect single starts to drop to 2,900 and 2,800 units in 2005 and 2006, respectively.

**Multiple Starts:** Following weak levels of construction activity in all 3 larger urban centres last year, expect multiple starts to bounce back in all regions. Rental starts will be particularly strong over the forecast period as rising homeownership costs will fuel demand for rental accommodations. Furthermore, the new affordable housing program will also help multiple starts to bounce back from 977 units in 2004 to 1,100 units in 2005. Multiple starts will decrease to 900 units in 2006.

**Resales:** Rising new listings and a broadening gap between existing and new home prices will cause many households to opt for the resale market. Expect MLS®

## New Brunswick Starts (000's)



hold back export growth over the forecast period. Considering that New Brunswick is a trade-focused province, annual GDP growth is not expected to exceed 3 per cent in 2005 and 2006. Job growth will remain relatively strong in the service sector, but expected job cuts in the manufacturing sector and in the public administration will cause employment to grow at a modest pace of 1 and 1.2 per cent in 2005 and 2006, respectively.

Rising inventory in the resale market and increasing land costs will cause a decline in single starts. However, a rise in semi-detached starts and new affordable housing projects will offset the drop in single starts. Expect 4,000 and 3,700 starts in 2005 and 2006, respectively.

sales to reach a record level of 6,200 units in 2005, before slowing to 6,100 units in 2006.

**Prices:** Price growth in 2005 will cool due to a significant rise in listings. Multiple offers on properties will not be as common in 2005. Furthermore, demand for more expensive homes will weaken due to rising mortgage rates and homeownership costs. Expect the average MLS® price to grow at a much slower pace of 3.2 per cent in 2005 and 3 per cent in 2006.

## Provincial Highlight

### Provincial budget offers slight boost to disposable income and tax exemptions for low income rental property

A balanced budget was tabled on March 30 at the legislative assembly by Finance Minister Jeannot Volpé. The budget focused mainly on investments in health and senior care, as well as education and children. There were no tax increases or new taxes. Provincial income tax credits and tax brackets have been indexed to guard against inflation. Indexation combined with the Low-Income Tax Reduction for 2005 means that New Brunswickers will enjoy slightly higher disposable income. However, the rise in disposable income will unlikely have any significant impact on housing demand. From a housing perspective, the budget notes that qualifying non-profit housing organizations will be able to apply for a provincial property tax exemption on their low-income residential rental property. Overall, this seems to be a relatively positive budget, but there are no major announcements that would influence the current housing forecast.

# Nova Scotia

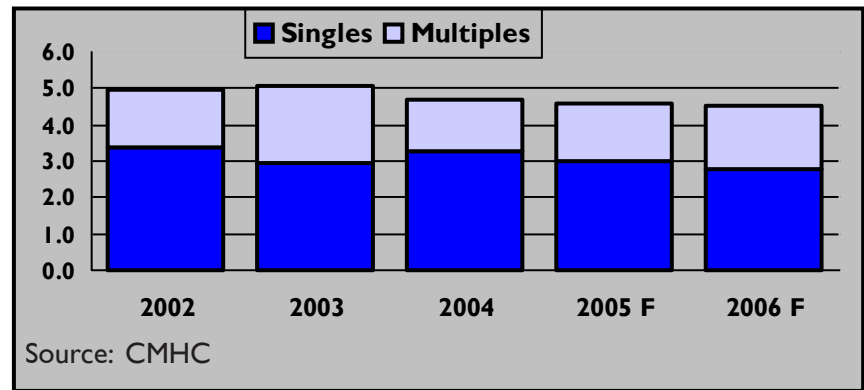
## Overview

### Expect a soft landing

Over the next two years, activity in Nova Scotia's housing market is expected to continue its gradual descent from the recent peak in the residential real estate cycle. Economic and labour market conditions will be strong enough to engineer a soft landing for the housing market, however, they will be weak in comparison with other provinces and this will limit net migration in 2005 and particularly in 2006.

While retail sales and residential construction activity are forecast to decline as interest and mortgage rates rise, non-residential construction activity is expected to accelerate through 2006. The potential \$350 million Bear Head LNG terminal appears increasingly likely to proceed and this will complement the Halifax Harbour Clean-Up and the Sydney Tar Ponds Clean-Up, as well as construction projects on university and college campuses and new retail parks in Metro Halifax. Furthermore,

## Nova Scotia Starts (000's)



the provincial government appears to be on a fairly solid fiscal footing, which will also lend some stability to the all important public sector in Nova Scotia.

In the absence of substantial net migration at the provincial level, there is little to maintain housing demand momentum over the next two years. While existing home inventories are expanding strongly and borrowing costs remain very low, pent-up demand has long been satisfied and it is beginning to appear that the exceptional level of sales over the past three years may have included some activity that was accelerated from what would otherwise have occurred in 2004-2006. Consequently, total housing starts are expected to slip from 4,717 in 2004 to 4,575 this year and to 4,550 next year.

## In Detail

**Single Starts:** A rapidly expanding inventory of homes for sale and a decline in home ownership demand will result in fewer single-detached housing starts in both 2005 and 2006. Uncertainty regarding the supply of building lots in Metro Halifax over the next two years will also be a factor in this decline to some extent. Single starts are forecast to fall approximately 8 per cent to 3,000 this year and about 7 per cent to 2,800 in 2006.

**Multiple Starts:** Rising mortgage rates later this year will favour less expensive forms of housing across the province. Rental demand is expected to increase, particularly in Metro Halifax, while rising home ownership carrying costs will also stimulate construction of less expensive home ownership options such as modest condos and townhouses as developers attempt to manage rising costs. This will precipitate a nine per cent rebound in multiple starts to 1,575 this year and an 11 per cent increase to 1,750 in 2006.

**Resales:** Resale market activity is expected to continue to weaken as rising mortgage rates, property taxes and utility expenses drive up home ownership carrying costs and cap home ownership demand. MLS sales are forecast to slip to 8,800 this year and fall further to 8,550 in 2006.

**Prices:** Rapidly softening resale markets across the province and a shift in demand toward first time buyers in 2005 will result in a fairly sharp deceleration in MLS sale price growth to two per cent this year and three per cent in 2006; well below the seven per cent average posted in the 2000-2004 period.

## Provincial Highlight

### Potential major investments may boost provincial economy

Enthusiasm about the potential for the energy industry in Nova Scotia has been curbed by lacklustre exploratory drilling results and downgraded Sable reserve estimates. However, plans for two Liquid Natural Gas (LNG) terminals and a petrochemical plant in Nova Scotia are renewing optimism. Anadarko is proceeding with plans to build a \$350 million LNG terminal in Cape Breton while Keltic Petrochemicals is interested in developing the largest petrochemical plant in North America in Guysborough County, supported by another LNG terminal. Should these projects proceed, they would provide a boost to the provincial economy as well as the relatively depressed local economies and housing markets of Guysborough and Cape Breton.



# P.E.I.

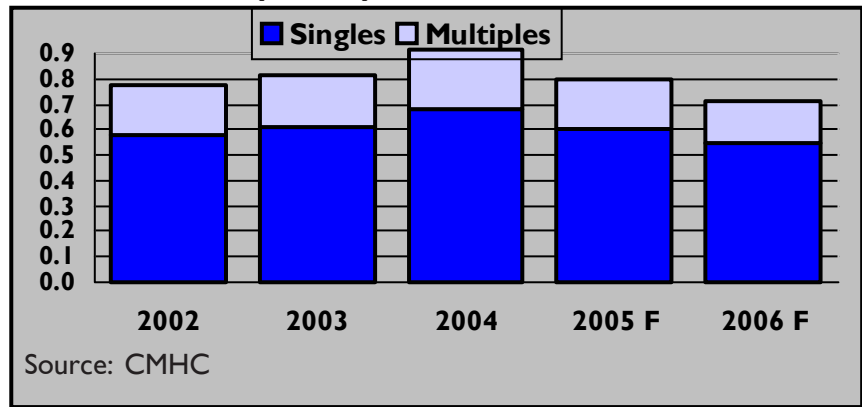
## Overview

### Starts to remain strong in 2005

The provincial economy expanded by an estimated 1.4 per cent in 2004. The sluggish pace of growth reflects a number of challenges that the island faced last year. The tourism sector failed to record growth in 2004, and actually posted a decrease for the fourth year in a row. This was mainly attributed to the high Canadian dollar, which prompted many Canadians to travel outside the country for their vacation. Also, the number of tourists from the US dropped again in 2004, due to security concerns and the high dollar which again made the region less attractive. These trends are expected to have a smaller impact in 2005. Also, the province's marketing efforts to boost tourism are expected to pay off and as a result will contribute positively to the Island's economic growth over the forecast period.

The agriculture sector continued to suffer in 2004 as BSE concerns lingered, and the

## P.E.I. Starts (000's)



price of potatoes slumped. Although potato production increased slightly in 2004, as the result of more favourable growing conditions, the price declines more than offset increased production. As a result farm cash receipts posted an overall decrease again in 2004.

On the positive side the Island has some major capital projects scheduled to start in 2005, the largest being the new federal government building in Charlottetown.

Housing starts are expected to remain strong this year as a result of the continued strength of single starts in the Charlottetown area, as well as a several new multiple projects in Summerside. Housing starts are expected to decline slightly in 2005 with total starts reaching a level of 800 units in 2005, down from 919 in 2004. Starts will decrease to 710 units in 2006.

## In Detail

**Single Starts:** The construction of single-family homes is expected to remain strong with 605 units in 2005, a decline of 77 units from 2004. Single starts will fall to 550 units in 2006. Charlottetown will continue to capture the largest number of single starts, however, it is expected that rural starts will also contribute positively to growth which will continue to remain above average.

**Multiple Starts:** Following two years of growth in multiple starts, a slight decrease is expected in 2005, as developers allow the existing projects to be fully absorbed into the local market. In 2005 it is expected that 195 multiple units will be started, compared to 237 in 2004. Multiple starts will fall to 160 units in 2006. Summerside should see continued strength in multiple starts again in 2005, after a stronger 2004, posting the highest level of multiple starts in over a decade.

**Resales:** MLS sales have remained close to

the 1,400 mark in PEI for the last four years. MLS sales will come in at 1,450 units in 2005 and 2006. The main reason for stability in sales has been the low levels of new listing in the key urban markets.

**Prices:** The continued strong demand for existing homes in urban areas of the province and for recreational properties (which are on average more expensive) combined with the low level of listings will cause the average MLS resale price to rise by 2.6 per cent to \$113,750 in 2005 and by 2.6 per cent to \$116,750 in 2006.

## Provincial Highlight

### Multiple Construction in Summerside

After ten years of little multiple construction activity in the Summerside area, developers have decided the time is right for building new units. Currently the area has very few high-end units aimed at the empty-nester market, compared to Charlottetown where there has been strong growth in the past 5 years. Also, the apartment vacancy rate in Summerside is at a ten year low.

The proposed projects are similar to what has already been built previously in Charlottetown. These include large two bedroom units, with amenities such as five appliances, hardwood and ceramic floors. There is also the possibility of a condominium project being started this year which would be a first for this part of the province.

# Newfoundland and Labrador

## Overview

### Economic picture has improved

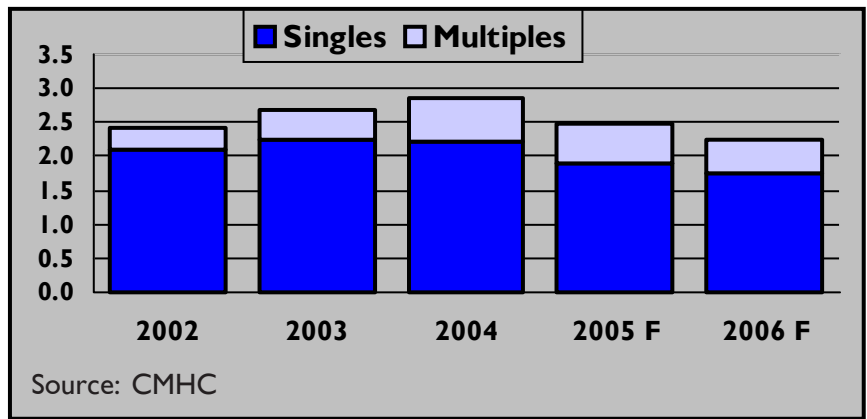
Increased government spending and gains in key resource industries will boost economic growth in Newfoundland. A new agreement with Ottawa on the Atlantic Accord along with increased federal transfers related to health care and equalization will bolster provincial revenues over the long term. As a result, government spending will increase in the coming years which is a reversal of expectations from only a few months ago. When coupled with higher offshore oil royalties and the start of production at both the White Rose oil field and Voisey's Bay mine later this year, the outlook for real GDP in 2005 has been revised up to 2.0 per cent. A rebound in iron ore production and modest gains in consumer spending will also contribute to the improved economic picture for 2005. Despite the improved outlook, uncertainty in the crab fishery, highlighted by anticipated work

## In Detail

**Single Starts:** With the pace of employment and income growth slowing down and interest rates on the rise demand for new single-detached homes is forecast to taper off. Competition from an increasing supply of more moderately priced existing homes will also dampen demand for newly built units. Single starts will also be hampered by the ongoing shift towards less expensive medium density options such as semi-detached and duplex units. Accordingly, expect single starts to decrease to 1,900 units in 2005 and to 1,750 units in 2006.

**Multiple Starts:** While the multiples market will remain active relative to the past decade, modest declines are also anticipated in this segment as well. Multiple starts have been heavily concentrated in the ownership segment since the late 1980's. Multiple starts will decrease to 575 units in 2005 and to 500 units in 2006. Nevertheless, demand spill over from the singles market and investment in affordable housing from the public sector will limit the overall decline.

## Newfoundland and Labrador Starts (000's)



stoppages in the harvesting sector this Spring, will have a dampening effect on rural economies. Expect real GDP to spike up to 5.0 per cent in 2006 largely as a result of full year production at Voisey's Bay and White Rose. With offshore oil royalties growing and federal transfers rising steadily, sustained increases in government expenditures are also anticipated next year. Although consumer spending will remain a positive, higher interest rates and modest income growth will temper overall gains. Employment growth will also continue over the forecast period albeit at a weaker pace than in recent years. Declining fish stocks and labour unrest will create significant uncertainty in the fishery and contribute to further population losses as affected workers leave the province in search of employment. Housing starts will decrease to 2,475 units in 2005 and to 2,250 units in 2006.

**Resales:** Softer conditions will also be felt in the resale market. However, with more competitively priced existing homes being offered for sale and builders continuing to use the MLS<sup>®</sup> system to sell their product will provide a partial offset. Expect MLS<sup>®</sup> sales to decrease to 3,100 units in 2005 and to 3,000 units in 2006.

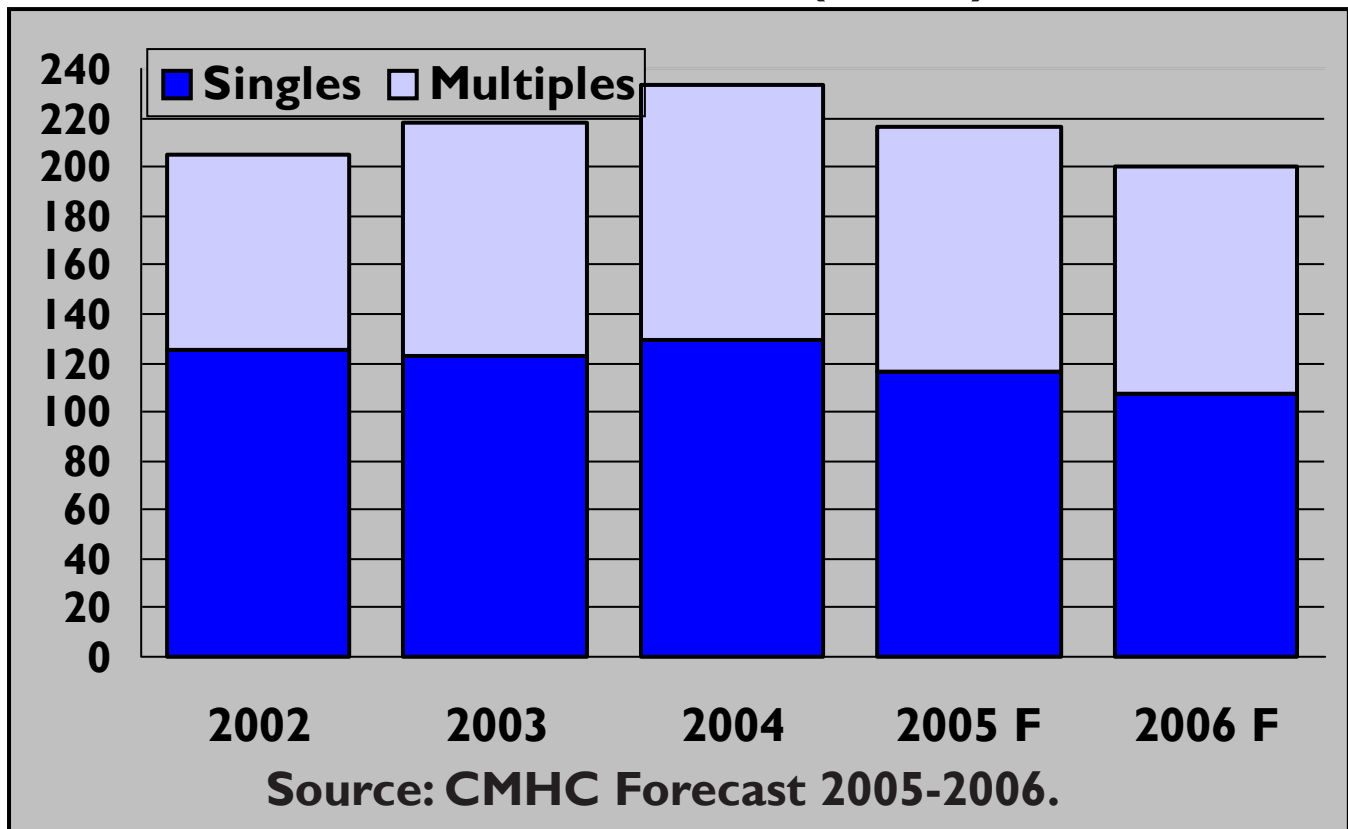
**Prices:** With the market in St. John's moving to more balanced conditions, growth in the average MLS<sup>®</sup> house price will be 1.1 per cent in 2005 and 1.5 per cent in 2006.

## Provincial Highlight

### St. John's housing market benefiting from immigration

While the province has historically experienced a net loss of people through migration, this has not always been the case for the St. John's region. In fact, the migration picture has improved significantly for St. John's in recent years, with a net gain of approximately 3,700 persons since 2000. Furthermore, over the past three years, migration has gathered momentum with the St. John's region experiencing an average gain of approximately 1,100 persons per year. Further analysis indicates that the vast majority of these immigrants are over the age of 25. While these individuals have created demand for a broad range of housing options, analysis of their age structure would indicate that home ownership has been a major benefactor. Expectations for further development in the offshore oil industry along with uncertainty in rural areas stemming from problems in the fishery will continue to support movement to this region over the long term.

# Canada Starts (000's)



Total Housing Starts (units and annual percent change)							
	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
<b>NFLD</b>	1,459	1,788	2,419	2,692	2,870	2,475	2,250
%	6.4	22.5	35.3	11.3	6.6	-13.8	-9.1
<b>PEI</b>	710	675	775	814	919	800	710
%	15.3	-4.9	14.8	5.0	12.9	-12.9	-11.3
<b>NS</b>	4,432	4,092	4,970	5,096	4,717	4,575	4,550
%	4.3	-7.7	21.5	2.5	-7.4	-3.0	-0.5
<b>NB</b>	3,079	3,462	3,862	4,489	3,947	4,000	3,700
%	10.9	12.4	11.6	16.2	-12.1	1.3	-7.5
<b>QUE</b>	24,695	27,682	42,452	50,289	58,448	50,000	45,000
%	-4.1	12.1	53.4	18.5	16.2	-14.5	-10.0
<b>ONT</b>	71,521	73,282	83,597	85,180	85,114	78,500	71,500
%	6.4	2.5	14.1	1.9	-0.1	-7.8	-8.9
<b>MAN</b>	2,560	2,963	3,617	4,206	4,440	4,600	4,800
%	-18.3	15.7	22.1	16.3	5.6	3.6	4.3
<b>SASK</b>	2,513	2,381	2,963	3,315	3,781	3,850	3,600
%	-18.6	-5.3	24.4	11.9	14.1	1.8	-6.5
<b>ALTA</b>	26,266	29,174	38,754	36,171	36,270	34,000	32,500
%	3.2	11.1	32.8	-6.7	0.3	-6.3	-4.4
<b>BC</b>	14,418	17,234	21,625	26,174	32,925	33,600	31,600
%	-11.6	19.5	25.5	21.0	25.8	2.1	-6.0
<b>Canada</b>	151,653	162,733	205,034	218,426	233,431	*216,400	*200,200
%	1.1	7.3	26.0	6.5	6.9	-7.3	-7.5

Source: CMHC Forecast 2005-2006  
 (F) Forecast.  
 \* Total does not add due to rounding.

### Single-detached Starts (units and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
<b>NFLD</b>	<b>1,315</b>	<b>1,598</b>	<b>2,092</b>	<b>2,240</b>	<b>2,229</b>	<b>1,900</b>	<b>1,750</b>
%	6.7	21.5	30.9	7.1	-0.5	-14.8	-7.9
<b>PEI</b>	<b>614</b>	<b>551</b>	<b>582</b>	<b>613</b>	<b>682</b>	<b>605</b>	<b>550</b>
%	30.1	-10.3	5.6	5.3	11.3	-11.3	-9.1
<b>NS</b>	<b>2,856</b>	<b>2,761</b>	<b>3,363</b>	<b>2,968</b>	<b>3,270</b>	<b>3,000</b>	<b>2,800</b>
%	-14.6	-3.3	21.8	-11.7	10.2	-8.3	-6.7
<b>NB</b>	<b>2,442</b>	<b>2,573</b>	<b>2,769</b>	<b>3,139</b>	<b>2,970</b>	<b>2,900</b>	<b>2,800</b>
%	10.9	5.4	7.6	13.4	-5.4	-2.4	-3.4
<b>QUE</b>	<b>15,349</b>	<b>17,193</b>	<b>25,257</b>	<b>27,225</b>	<b>28,871</b>	<b>25,500</b>	<b>23,500</b>
%	-2.8	12.0	46.9	7.8	6.0	-11.7	-7.8
<b>ONT</b>	<b>41,087</b>	<b>39,632</b>	<b>51,114</b>	<b>47,610</b>	<b>48,929</b>	<b>42,000</b>	<b>37,500</b>
%	4.2	-3.5	29.0	-6.9	2.8	-14.2	-10.7
<b>MAN</b>	<b>2,348</b>	<b>2,460</b>	<b>3,016</b>	<b>3,165</b>	<b>3,484</b>	<b>3,600</b>	<b>3,800</b>
%	5.2	4.8	22.6	4.9	10.1	3.3	5.6
<b>SASK</b>	<b>1,890</b>	<b>1,627</b>	<b>1,931</b>	<b>2,097</b>	<b>2,193</b>	<b>2,200</b>	<b>2,200</b>
%	-8.7	-13.9	18.7	8.6	4.6	0.3	0.0
<b>ALTA</b>	<b>16,835</b>	<b>19,769</b>	<b>24,520</b>	<b>21,918</b>	<b>22,487</b>	<b>21,000</b>	<b>20,000</b>
%	0.9	17.4	24.0	-10.6	2.6	-6.6	-4.8
<b>BC</b>	<b>7,448</b>	<b>7,862</b>	<b>10,730</b>	<b>12,252</b>	<b>14,056</b>	<b>13,800</b>	<b>12,600</b>
%	-14.7	5.6	36.5	14.2	14.7	-1.8	-8.7
<b>CAN</b>	<b>92,184</b>	<b>96,026</b>	<b>125,374</b>	<b>123,227</b>	<b>129,171</b>	<b>*116,500</b>	<b>*107,500</b>
%	0.0	4.2	30.6	-1.7	4.8	-9.8	-7.7

Source: CMHC Forecast 2005-2006.

(F) Forecast.

\* Total does not add due to rounding.

### Multiple Starts (units and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
<b>NFLD</b>	<b>144</b>	<b>190</b>	<b>327</b>	<b>452</b>	<b>641</b>	<b>575</b>	<b>500</b>
%	4.3	31.9	72.1	38.2	41.8	-10.3	-13.0
<b>PEI</b>	<b>96</b>	<b>124</b>	<b>193</b>	<b>201</b>	<b>237</b>	<b>195</b>	<b>160</b>
%	-33.3	29.2	55.6	4.1	17.9	-17.7	-17.9
<b>NS</b>	<b>1,576</b>	<b>1,331</b>	<b>1,607</b>	<b>2,128</b>	<b>1,447</b>	<b>1,575</b>	<b>1,750</b>
%	74.1	-15.5	20.7	32.4	-32.0	8.8	11.1
<b>NB</b>	<b>637</b>	<b>889</b>	<b>1,093</b>	<b>1,350</b>	<b>977</b>	<b>1,100</b>	<b>900</b>
%	10.8	39.6	22.9	23.5	-27.6	12.6	-18.2
<b>QUE</b>	<b>9,346</b>	<b>10,489</b>	<b>17,195</b>	<b>23,064</b>	<b>29,577</b>	<b>24,500</b>	<b>21,500</b>
%	-6.0	12.2	63.9	34.1	28.2	-17.2	-12.2
<b>ONT</b>	<b>30,434</b>	<b>33,650</b>	<b>32,483</b>	<b>37,570</b>	<b>36,185</b>	<b>36,500</b>	<b>34,000</b>
%	9.4	10.6	-3.5	15.7	-3.7	0.9	-6.8
<b>MAN</b>	<b>212</b>	<b>503</b>	<b>601</b>	<b>1,041</b>	<b>956</b>	<b>1,000</b>	<b>1,000</b>
%	-76.5	137.3	19.5	73.2	-8.2	4.6	0.0
<b>SASK</b>	<b>623</b>	<b>754</b>	<b>1,032</b>	<b>1,218</b>	<b>1,588</b>	<b>1,650</b>	<b>1,400</b>
%	-38.9	21.0	36.9	18.0	30.4	3.9	-15.2
<b>ALTA</b>	<b>9,431</b>	<b>9,405</b>	<b>14,234</b>	<b>14,253</b>	<b>13,783</b>	<b>13,000</b>	<b>12,500</b>
%	7.7	-0.3	51.3	0.1	-3.3	-5.7	-3.8
<b>BC</b>	<b>6,970</b>	<b>9,372</b>	<b>10,895</b>	<b>13,922</b>	<b>18,869</b>	<b>19,800</b>	<b>19,000</b>
%	-8.0	34.5	16.3	27.8	35.5	4.9	-4.0
<b>CAN</b>	<b>59,469</b>	<b>66,707</b>	<b>79,660</b>	<b>95,199</b>	<b>104,260</b>	<b>*99,900</b>	<b>*92,700</b>
%	2.9	12.2	19.4	19.5	9.6	-4.2	-7.2

Source: CMHC Forecast 2005-2006.

(F) Forecast.

\* Total does not add due to rounding.

		Multiple Housing Starts by Type (Units)						
		2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NF	Semi-detached	44	30	36	66	264	200	175
	Row	23	36	42	107	51	55	50
	Apartment	77	124	249	279	326	320	275
	Total	144	190	327	452	641	575	500
PEI	Semi-detached	46	56	64	72	76	60	50
	Row	21	10	47	40	80	45	40
	Apartment	29	58	82	89	81	90	70
	Total	96	124	193	201	237	195	160
NS	Semi-detached	266	228	253	338	266	225	215
	Row	17	40	144	277	186	175	260
	Apartment	1,293	1,063	1,210	1,513	995	1,175	1,275
	Total	1,576	1,331	1,607	2,128	1,447	1,575	1,750
NB	Semi-detached	113	114	186	254	293	350	300
	Row	26	153	68	143	256	155	100
	Apartment	498	622	839	953	428	595	500
	Total	637	889	1,093	1,350	977	1,100	900
QC	Semi-detached	1,291	1,309	1,855	2,432	2,932	2,500	2,400
	Row	858	869	964	773	1,109	900	800
	Apartment	7,197	8,311	14,376	19,859	25,536	21,100	18,300
	Total	9,346	10,489	17,195	23,064	29,577	24,500	21,500
ON	Semi-detached	7,167	7,106	6,886	6,379	5,172	4,750	3,950
	Row	10,846	10,269	11,849	12,191	12,824	13,750	13,050
	Apartment	12,421	16,275	13,748	19,000	18,189	18,000	17,000
	Total	30,434	33,650	32,483	37,570	36,185	36,500	34,000
MAN	Semi-detached	52	51	68	88	132	105	70
	Row	63	84	76	62	92	95	80
	Apartment	97	368	457	891	732	800	850
	Total	212	503	601	1,041	956	1,000	1,000
SK	Semi-detached	148	116	142	95	184	150	200
	Row	173	240	456	594	681	600	400
	Apartment	302	398	434	529	723	900	800
	Total	623	754	1,032	1,218	1,588	1,650	1,400
ALB	Semi-detached	1,518	1,957	2,869	2,567	2,916	2,950	3,500
	Row	1,545	1,779	2,531	2,859	2,401	2,350	2,800
	Apartment	6,368	5,669	8,834	8,827	8,466	7,700	6,200
	Total	9,431	9,405	14,234	14,253	13,783	13,000	12,500
B.C.	Semi-detached	885	916	1,225	1,353	2,062	2,200	2,250
	Row	1,675	1,686	2,305	3,297	4,387	4,500	4,350
	Apartment	4,410	6,770	7,365	9,272	12,420	13,100	12,400
	Total	6,970	9,372	10,895	13,922	18,869	19,800	19,000
CAN	Semi-detached	11,530	11,883	13,584	13,644	14,297	13,490	13,110
	Row	15,247	15,166	18,482	20,343	22,067	22,625	21,930
	Apartment	32,692	39,658	47,594	61,212	67,896	63,780	57,670
	Total	59,469	66,707	79,660	95,199	104,260	*99,900	*92,700

Source: CMHC Forecast 2005-2006.

\* Total does not add due to rounding.

<b>Total Residential Resales (units and annual percent change)</b>							
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005 (F)</b>	<b>2006 (F)</b>
<b>NFLD</b>	<b>2,593</b>	<b>2,808</b>	<b>3,014</b>	<b>3,238</b>	<b>3,265</b>	<b>3,100</b>	<b>3,000</b>
%	6.4	8.3	7.3	7.4	0.8	-5.1	-3.2
<b>PEI</b>	<b>1,206</b>	<b>1,234</b>	<b>1,306</b>	<b>1,404</b>	<b>1,500</b>	<b>1,450</b>	<b>1,450</b>
%	1.9	2.3	5.8	7.5	6.8	-3.3	0.0
<b>NS</b>	<b>8,577</b>	<b>9,441</b>	<b>10,243</b>	<b>9,221</b>	<b>8,873</b>	<b>8,800</b>	<b>8,550</b>
%	-2.8	10.1	8.5	-10.0	-3.8	-0.8	-2.8
<b>NB</b>	<b>4,524</b>	<b>4,779</b>	<b>5,089</b>	<b>5,489</b>	<b>5,979</b>	<b>6,200</b>	<b>6,100</b>
%	3.4	5.6	6.5	7.9	8.9	3.7	-1.6
<b>QUE</b>	<b>54,160</b>	<b>62,351</b>	<b>68,161</b>	<b>67,130</b>	<b>69,617</b>	<b>61,000</b>	<b>58,000</b>
%	8.8	15.1	9.3	-1.5	3.7	-12.4	-4.9
<b>ONT</b>	<b>147,158</b>	<b>162,318</b>	<b>178,058</b>	<b>184,457</b>	<b>197,354</b>	<b>192,000</b>	<b>186,000</b>
%	-1.0	10.3	9.7	3.6	7.0	-2.7	-3.1
<b>MAN</b>	<b>10,612</b>	<b>11,440</b>	<b>11,108</b>	<b>11,523</b>	<b>12,098</b>	<b>13,000</b>	<b>13,800</b>
%	-2.3	7.8	-2.9	3.7	5.0	7.5	6.2
<b>SASK</b>	<b>7,552</b>	<b>7,971</b>	<b>7,933</b>	<b>7,698</b>	<b>8,172</b>	<b>8,500</b>	<b>8,800</b>
%	-6.2	5.5	-0.5	-3.0	6.2	4.0	3.5
<b>ALTA</b>	<b>43,311</b>	<b>48,989</b>	<b>51,042</b>	<b>51,334</b>	<b>57,460</b>	<b>57,000</b>	<b>54,000</b>
%	1.5	13.1	4.2	0.6	11.9	-0.8	-5.3
<b>BC</b>	<b>54,179</b>	<b>69,554</b>	<b>82,737</b>	<b>93,095</b>	<b>96,385</b>	<b>90,000</b>	<b>85,600</b>
%	-6.7	28.4	19.0	12.5	3.5	-6.6	-4.9
<b>CAN**</b>	<b>333,872</b>	<b>380,885</b>	<b>418,691</b>	<b>434,589</b>	<b>460,703</b>	<b>*441,100</b>	<b>*425,300</b>
%	-0.3	14.1	9.9	3.8	6.0	-4.3	-3.6

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 2005-2006.  
(F) Forecast.  
\* Total does not add due to rounding. \*\*Canada totals are for 10 provinces

<b>Average Residential Resale Price (dollars and annual percent change)</b>							
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005 (F)</b>	<b>2006 (F)</b>
<b>NFLD</b>	<b>99,525</b>	<b>104,376</b>	<b>113,081</b>	<b>119,822</b>	<b>131,499</b>	<b>133,000</b>	<b>135,000</b>
%	5.5	4.9	8.3	6.0	9.7	1.1	1.5
<b>PEI</b>	<b>82,883</b>	<b>87,696</b>	<b>94,964</b>	<b>101,745</b>	<b>110,815</b>	<b>113,750</b>	<b>116,750</b>
%	0.9	5.8	8.3	7.1	8.9	2.6	2.6
<b>NS</b>	<b>109,839</b>	<b>115,485</b>	<b>126,669</b>	<b>136,292</b>	<b>146,096</b>	<b>149,250</b>	<b>154,000</b>
%	7.0	5.1	9.7	7.6	7.2	2.2	3.2
<b>NB</b>	<b>91,624</b>	<b>95,947</b>	<b>100,129</b>	<b>105,858</b>	<b>112,933</b>	<b>116,500</b>	<b>120,000</b>
%	4.0	4.7	4.4	5.7	6.7	3.2	3.0
<b>QUE</b>	<b>111,296</b>	<b>115,820</b>	<b>130,403</b>	<b>151,881</b>	<b>170,647</b>	<b>186,000</b>	<b>194,000</b>
%	3.5	4.1	12.6	16.5	12.4	9.0	4.3
<b>ONT</b>	<b>183,841</b>	<b>193,357</b>	<b>210,901</b>	<b>226,824</b>	<b>245,229</b>	<b>263,000</b>	<b>275,000</b>
%	5.6	5.2	9.1	7.5	8.1	7.2	4.6
<b>MAN</b>	<b>87,884</b>	<b>93,192</b>	<b>96,531</b>	<b>106,788</b>	<b>119,245</b>	<b>130,000</b>	<b>138,000</b>
%	1.7	6.0	3.6	10.6	11.7	9.0	6.2
<b>SASK</b>	<b>94,047</b>	<b>98,310</b>	<b>101,297</b>	<b>104,995</b>	<b>110,824</b>	<b>115,000</b>	<b>120,000</b>
%	2.9	4.5	3.0	3.7	5.6	3.8	4.3
<b>ALTA</b>	<b>146,258</b>	<b>153,737</b>	<b>170,253</b>	<b>182,845</b>	<b>194,769</b>	<b>206,000</b>	<b>218,000</b>
%	4.8	5.1	10.7	7.4	6.5	5.8	5.8
<b>BC</b>	<b>221,371</b>	<b>222,822</b>	<b>238,877</b>	<b>259,968</b>	<b>289,107</b>	<b>308,000</b>	<b>321,000</b>
%	2.8	0.7	7.2	8.8	11.2	6.5	4.2
<b>CAN**</b>	<b>164,036</b>	<b>171,801</b>	<b>188,785</b>	<b>207,162</b>	<b>226,283</b>	<b>*241,700</b>	<b>*252,100</b>
%	3.7	4.7	9.9	9.7	9.2	6.8	4.3

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,  
CMHC Forecast 2005-2006.  
(F) Forecast.  
\* Total does not add due to rounding. \*\*Canada totals are for 10 provinces

<b>Employment (annual percent change)</b>							
	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	-1.4	3.1	1.6	2.4	1.3	1.0	0.5
PEI	4.3	1.4	1.4	2.4	0.8	1.0	1.2
NS	2.0	1.0	1.7	2.1	2.4	1.5	1.3
NB	1.7	-0.2	3.7	0.3	1.9	1.0	1.2
QUE	2.5	1.1	3.7	1.6	1.7	1.1	1.1
ONT	3.2	1.9	1.9	2.9	1.7	1.2	1.4
MAN	2.2	0.5	2.4	0.5	1.0	1.3	1.6
SASK	0.4	-2.7	1.7	1.5	1.0	1.1	1.0
ALTA	2.7	2.9	2.5	2.8	2.3	2.1	2.0
BC	2.0	-0.4	2.0	2.8	2.3	2.7	2.1
<b>CAN</b>	<b>2.6</b>	<b>1.3</b>	<b>2.4</b>	<b>2.3</b>	<b>1.8</b>	<b>1.5</b>	<b>1.5</b>
Sources: Statistics Canada, CMHC Forecast 2005-2006. (F) Forecast.							

<b>Unemployment Rate (percent)</b>							
	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	16.7	16.0	16.6	16.4	15.6	15.4	15.4
PEI	12.1	12.0	12.1	11.0	11.3	11.3	11.3
NS	9.1	9.8	9.6	9.1	8.8	8.8	8.7
NB	10.0	11.1	10.2	10.3	9.8	9.8	9.8
QUE	8.5	8.8	8.7	9.2	8.5	8.6	8.7
ONT	5.8	6.4	7.1	7.0	6.8	6.6	6.4
MAN	5.0	5.1	5.1	5.0	5.3	5.2	5.1
SASK	5.2	5.8	5.7	5.6	5.3	5.1	4.7
ALTA	5.0	4.7	5.3	5.1	4.6	4.5	4.4
BC	7.2	7.7	8.5	8.0	7.2	6.6	6.6
<b>CAN</b>	<b>6.8</b>	<b>7.2</b>	<b>7.7</b>	<b>7.6</b>	<b>7.2</b>	<b>7.0</b>	<b>7.0</b>
Sources: Statistics Canada, CMHC Forecast 2005-2006. (F) Forecast.							

<b>Real Gross Domestic Product (annual percent change)</b>							
	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
<b>NFLD</b>	5.2	1.3	16.7	6.8	-0.7	2.0	5.0
<b>PEI</b>	1.9	-0.3	6.1	1.9	1.7	1.7	2.2
<b>NS</b>	3.1	2.9	5.2	1.2	1.3	2.5	2.8
<b>NB</b>	2.1	1.3	4.8	2.5	2.6	2.7	3.0
<b>QUE</b>	4.3	1.1	4.1	1.9	2.2	2.5	2.7
<b>ONT</b>	5.9	2.0	3.4	1.6	2.6	2.4	2.8
<b>MAN</b>	4.3	0.8	2.2	1.5	2.3	3.0	3.1
<b>SASK</b>	2.6	-1.8	-0.3	4.5	3.5	2.9	2.9
<b>ALTA</b>	6.1	1.6	2.4	2.7	3.7	3.8	4.1
<b>BC</b>	4.6	0.9	3.3	2.5	3.9	3.2	3.3
<b>CAN</b>	5.2	1.8	3.4	2.0	2.8	2.6	3.2

Sources: Statistics Canada, CMHC Estimate 2004, CMHC Forecast 2005-2006  
(F) Forecast.

<b>Total Net Migration* (persons)</b>							
	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
<b>NFLD</b>	-4,725	-3,765	-2,718	-454	-1,878	-2,550	-2,100
<b>PEI</b>	20	357	151	461	78	175	225
<b>NS</b>	-564	-195	1,068	1,484	244	600	500
<b>NB</b>	-1,411	-1,175	543	-761	64	-350	-100
<b>QUE</b>	14,848	27,730	28,012	31,515	33,299	33,000	34,000
<b>ONT</b>	151,099	162,871	134,176	101,198	97,062	103,000	107,000
<b>MAN</b>	-377	-807	1,722	3,245	6,025	6,250	6,750
<b>SASK</b>	-7,648	-7,675	-6,334	-2,998	-1,711	-1,000	-800
<b>ALTA</b>	34,012	38,273	29,100	22,395	24,758	25,400	26,200
<b>BC</b>	14,483	28,700	23,105	31,660	35,556	40,000	43,400
<b>CAN**</b>	199,737	244,314	208,825	187,745	193,497	*204,525	*215,075

Sources: Statistics Canada, CMHC Estimate 2004. CMHC Forecast 2005-2006. (F) Forecast.  
\* Sum of interprovincial migration, international migration, and non-permanent residents.  
\*\* Excludes Yukon, Northwest Territories, and Nunavut.



Local Market Indicators							
Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate structures of 3 units +
Victoria	2004	2363	1038	9.0	7685	325412	0.6
	2005(F)	2550	1090	7.5	7850	355000	1.2
	2006(F)	2325	1020	6.0	7500	360000	2.1
Vancouver	2004	19430	5614	5.0	37972	373877	1.3
	2005(F)	19400	4800	5.2	36000	405000	1.5
	2006(F)	18500	4500	5.0	35000	425000	1.5
Abbotsford	2004	1083	607	n.a.	3740	232175	2.8
	2005(F)	950	525	n.a.	3500	245000	3.0
	2006(F)	910	500	n.a.	3300	250000	2.5
Edmonton	2004	11488	6614	4.0	17652	179610	5.3
	2005(F)	10300	6400	4.0	17600	189000	5.0
	2006(F)	9850	6150	4.0	17000	198000	4.8
Calgary	2004	14008	8233	5.6	26511	222860	4.3
	2005(F)	13200	8000	5.0	28750	242800	4.2
	2006(F)	12250	7450	4.0	28250	261000	4.2
Saskatoon	2004	1578	753	4.7	2999	132549	6.3
	2005(F)	1550	700	5.0	3200	138000	5.5
	2006(F)	1300	700	4.0	3400	144000	5.0
Regina	2004	1242	605	6.5	2785	111869	2.7
	2005(F)	1250	600	7.0	2900	118000	2.7
	2006(F)	1150	550	6.0	3000	124000	3.0
Winnipeg	2004	2489	1882	6.4	10797	121925	1.1
	2005(F)	2700	1950	7.4	11700	132000	1.3
	2006(F)	2850	2050	6.1	12500	141000	1.5
Thunder Bay	2004	287	241	1.9	1453	112500	5.0
	2005(F)	285	220	1.5	1380	113625	5.5
	2006(F)	260	210	1.0	1350	114193	6.0
Sudbury	2004	388	374	1.9	2500	122866	2.6
	2005(F)	440	390	1.5	2600	126500	2.0
	2006(F)	420	370	1.0	2488	129000	2.5
Windsor	2004	2287	1539	0.4	5832	159597	8.8
	2005(F)	1960	1300	2.5	5650	168500	6.5
	2006(F)	1845	1200	2.5	5500	172500	6.0
London	2004	3078	2336	4.7	9238	167344	3.7
	2005(F)	3114	1945	4.5	8600	177000	4.2
	2006(F)	2555	1825	3.3	8100	181500	4.0
Kitchener	2004	3912	2374	4.5	5931	205639	3.5
	2005(F)	3780	2280	6.5	6000	219000	3.2
	2006(F)	3525	2075	7.0	5900	230000	3.0
St. Catharines-Niagara	2004	1781	1292	6.9	6723	170425	2.6
	2005(F)	1620	1200	7.5	6600	182000	2.2
	2006(F)	1580	1100	7.0	6325	191500	2.0
Hamilton	2004	4093	1995	5.4	13176	215922	3.4
	2005(F)	4100	2120	6.0	13350	232000	3.2
	2006(F)	3970	2100	6.4	13490	245000	3.0
Toronto	2004	42115	19076	5.9	84854	315266	4.3
	2005(F)	39000	15500	6.5	83000	341000	5.0
	2006(F)	35300	13000	7.5	80000	356000	5.5

Local Market Indicators							
Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate Structures of 3 units +
Oshawa*	2004	3153	2356	n.a.	9816	237084	3.4
	2005(F)	2740	2000	n.a.	9400	255000	3.2
	2006(F)	2400	1700	n.a.	8800	270000	3.0
Kingston	2004	872	701	n.a.	3764	175248	2.4
	2005(F)	800	650	n.a.	3650	185000	2.6
	2006(F)	725	625	n.a.	3600	190000	2.4
Ottawa	2004	7243	3245	6.6	13457	238152	3.9
	2005(F)	6200	2800	5.5	12600	248600	3.5
	2006(F)	5800	2500	5.0	12200	256100	3.0
Gatineau	2004	3227	1561	3.8	3930	155099	2.1
	2005(F)	2700	1300	3.0	3700	165000	2.5
	2006(F)	2400	1200	2.5	3500	172000	3.0
Montréal	2004	28673	10578	6.4	36022	211645	1.5
	2005(F)	26000	10000	5.0	33500	227000	2.2
	2006(F)	23000	9150	4.0	32000	237000	2.7
Trois-Rivières	2004	874	384	n.a.	816	102021	1.2
	2005(F)	700	380	n.a.	825	109000	1.6
	2006(F)	610	300	n.a.	775	114000	1.9
Sherbrooke	2004	1355	521	n.a.	1264	133700	0.9
	2005(F)	1080	550	n.a.	1300	146700	1.4
	2006(F)	930	510	n.a.	1350	152000	1.2
Québec	2004	6186	2704	5.7	6257	139786	1.1
	2005(F)	5800	2650	4.0	6400	149000	1.5
	2006(F)	4800	2400	3.0	6450	154000	1.8
Saguenay	2004	347	244	n.a.	1077	100000	5.2
	2005(F)	360	250	n.a.	1150	104500	5.4
	2006(F)	330	220	n.a.	1100	107500	5.5
Saint John	2004	516	387	1.7	1612	117000	5.8
	2005(F)	545	400	1.5	1650	120000	5.5
	2006(F)	600	390	1.5	1700	120000	5.0
Halifax	2004	2627	1510	2.1	5516	175132	2.9
	2005(F)	2575	1325	1.8	5400	179000	2.7
	2006(F)	2600	1250	2.2	5200	186000	2.3
St. John's	2004	1834	1275	5.0	3203	132993	3.1
	2005(F)	1600	1100	4.0	3000	135000	3.5
	2006(F)	1500	1050	3.0	2900	137000	4.0
Charlottetown	2004	490	331	3.5	521	139988	4.5
	2005(F)	450	300	3.0	500	141000	4.0
	2006(F)	400	275	3.0	500	142500	3.8
ALL METRO AREAS	2004	169019	80370	4.8	327103		2.7
	2005(F)	157749	72725	5.6	321755		3.1
	2006(F)	144685	66370	5.7	313178		3.3

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2004-2005

MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards.

\*MLS® numbers reflect all of Durham Region

n.a.: data not available

**Major Housing Indicators**  
**Seasonally Adjusted Annual Rates**  
**(levels and quarterly percent change)**

	03:Q2	03:Q3	03:Q4	04:Q1	04:Q2	04:Q3	04:Q4	05:Q1
<b>New housing</b>								
Building permits, units, thousands	214.4	227.7	233.1	234.7	250.2	241.0	239.8	231.8
%	-0.2	6.2	2.4	0.7	6.6	-3.7	0.5	-3.3
Housing starts, total, thousands	203.1	228.0	225.6	224.0	232.4	236.3	236.9	213.3
%	-8.1	12.3	-1.1	-0.7	3.8	1.7	0.3	-10.0
Housing starts, singles, thousands	119.5	123.9	127.5	128.4	125.8	133.3	129.3	117.9
%	-2.1	3.7	2.9	0.7	-2.0	6.0	-3.0	-8.8
Housing starts, multiples, thousands	83.6	104.1	98.1	95.6	106.6	103.0	107.6	95.4
%	-15.6	24.5	-5.8	-2.5	11.5	-3.4	4.5	-11.3
Housing completions, total, thousands	47.8	55.7	55.0	45.3	48.6	61.6	60.0	47.1
%	17.3	16.4	-1.2	-17.6	7.4	26.7	-2.6	-21.6
New house price index, 1997=100	115.9	117.3	119.0	120.4	122.6	124.2	125.4	n.a.
%	1.1	1.2	1.5	1.1	1.9	1.3	1.0	n.a.
<b>Existing housing</b>								
MLS® resales, units, thousands	412.5	462.9	448.5	454.9	477.6	460.6	451.3	453.1
%	-1.0	12.2	-3.1	1.4	5.0	-3.6	-2.0	0.4
MLS® average resale price, \$C thousands	201,963	210,202	215,701	219,782	226,272	225,789	233,148	238,462
%	1.2	4.1	2.6	1.9	3.0	-0.2	3.3	2.3
<b>Mortgage market</b>								
1-year mortgage rate, per cent*	5.08	4.55	4.68	4.30	4.57	4.60	4.90	4.88
5-year mortgage rate, per cent*	6.20	6.28	6.45	5.85	6.45	6.38	6.25	6.12
<b>Residential investment**</b>								
Total, \$1997 billions	60.7	63.5	64.8	66.1	67.3	68.1	69.2	n.a.
%	-0.1	4.6	2.0	2.1	1.8	1.2	1.6	n.a.
New, \$1997 billions	29.7	30.7	32.1	32.6	33.0	33.5	34.2	n.a.
%	-2.1	3.4	4.7	1.6	1.1	1.8	1.9	n.a.
Alterations, \$1997 billions	22.5	22.9	23.3	23.9	24.1	24.8	25.7	n.a.
%	3.3	1.4	1.8	2.9	0.5	3.1	3.6	n.a.
Transfer costs, \$1997 billions	8.67	9.97	9.46	9.64	10.24	9.87	9.58	n.a.
%	-0.4	15.0	-5.1	1.8	6.2	-3.6	-3.0	n.a.
Deflator, 1997=100	117.4	119.1	121.0	122.2	125.1	126.3	126.8	n.a.
%	1.0	1.5	1.6	1.0	2.3	1.0	0.3	n.a.

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.  
n.a. Data not available.

\* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.

\*\* Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.