HOUSING MARKET

Ottawa

OUTLOOK

Canada Mortgage and Housing Corporation

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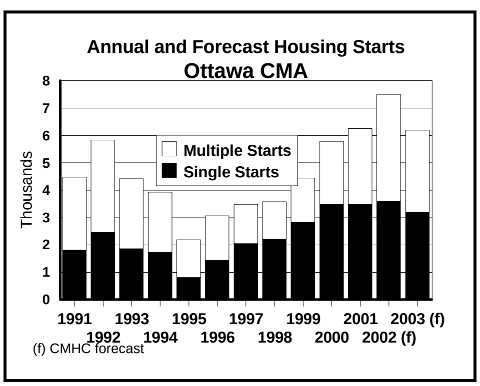
IN THIS ISSUE

New Home Market

Highest Housing Starts in 14 Years.

The pace of housing construction in Ottawa CMA is well ahead of last year, and by the end of 2002, we can expect the best performance in 14 years. While single-family starts are on track to exceed last year's forecast, the growing pace of multi-family starts will drive total housing starts to reach over 7,700 units by the end of 2002.

Various factors are at work to explain the high level of construction activity. A sustained job market is one reason why housing markets continue to perform so well. Despite severe job cuts in the high-tech sector of the economy, job growth in the public sector in the last few months has offset previous losses in full-time employment. Demand for housing has also been influenced by the growth in population over the last few years, due to steady net in-migration. Along with the strong demand for housing, the supply of available homes has remained low this year, even as listings have gone up in the last few months. Limited supply continues to force up the average price of a resale home, which is why Ottawa is still classified as a sellers' market. With a low selection of available homes and rising prices, many home buyers are turning the new housing market to meet their housing needs. However, the rising average selling price of a home also means that many potential home buyers are looking for more affordable housing, seeking accommodations in the new multi-family housing market, particularly condominiums or townhouses.



Apart from steady demand for housing, low interest rates are a major reason why housing markets continued to do so well this year. At the end of September, an average 5-year mortgage rate was 6.4 per cent, 53 basis points lower during the same period in 2001. With a competitive mortgage market, lenders are offering potential home buyers rates that have not been seen in over 40 years. Low rates have been particularly beneficial for a market that is witnessing price increases due to the rising costs of materials and labour to build new homes. Consequently, consumers are profiting from current low rates to purchase homes now, before prices increase further and rates go up. Because rates are expected to go up by the end of 2002 or early 2003, the momentum for home purchases may ease somewhat in 2003 as the cost for borrowing goes up.

Historically low mortgage rates, a tight supply of resale homes and a steady economy will keep the demand for new single-family homes healthy for the rest of 2002. At the current pace of construction, single-family starts have already surpassed CMHC's forecast of 2,600 units for this year. As the job market in Ottawa recovers from the massive job cuts in the high-tech sector, new job growth is expected to sustain demand for single-family housing in 2003. In addition, steady population growth from in-migration must also be factored into next year's forecast. However, rising mortgage rates in

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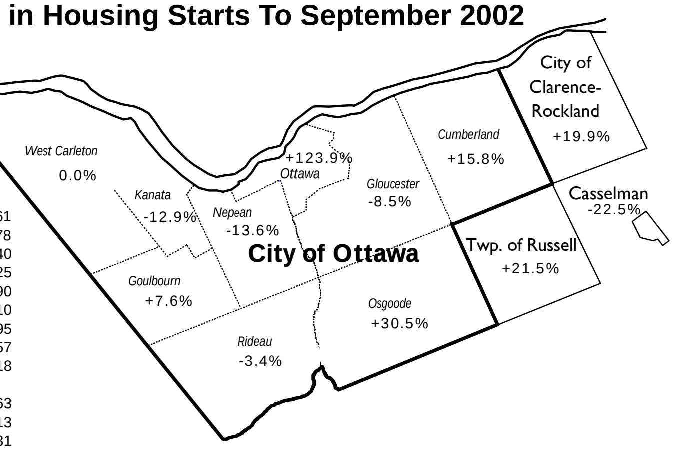
Change in Housing Starts To September 2002



Y-T-D Starts - 2002

Ottawa	1,861
Neepean	1,078
Gloucester	440
Kanata	925
Cumberland	690
Goulbourn	310
West Carleton	95
Rideau	57
Osgoode	218
Clarence-Rockland City	163
Russell Twp.	113
Casselman	31

2003 and high housing prices will soften the demand for single-detached homes next year. This will translate into more housing consumers choosing other forms of affordably housing, such as townhouses and condominiums. Consequently, single-detached housing starts are forecast to reach about 3,200 units in 2003, which will be down from this year, but will represent a good year for single-family starts nonetheless.

In terms of the multi-family market, the pressure from tight rental markets in the past few years has translated into higher rents. Considering the cost of building new high-rise apartments, higher rents make it possible for builders to obtain a satisfactory return on investment. As a result, we can expect the construction of more rental units this year compared to last year.

The rising prices for resale homes have made condominiums and townhouses a more attractive option for first-time home buyers because of their affordability. In addition, lifestyle choice is another factor that is affecting the demand for condominiums and other forms of home ownership. As more baby boomers enter the empty-nesters stage, we can expect the demand for condominiums will go up concurrently. Some younger urban professionals are choosing condos as a preferred choice of housing for themselves. In both cases, the desire for a condo is associated with living in close proximity to cultural amenities, services and restaurants.

With stronger demand for more multi-family dwellings for the rest of 2002 and 2003, expect starts to surpass in units the number of single-family starts. The combined construction of new condos, row housing and apartments will total about 4,060 units in 2002. With intense construction in 2002, the forecast is for multi-family starts to decline to approximately 3,250 units in 2003.

Single-Family Starts Set to Surpass Last Year's Record

While the pace of single-family starts was slower in the first two quarters of 2002, year-to-date figures for September reveal that they have picked-up considerable. By the end of September, year-to-date single-family starts jumped to 2,976, representing an increase of 3.5 per cent from the same period a year ago. At the current space, single-family starts will achieve over the 3,500 units recorded at the end of 2001. With low interest rates, many move-up buyers will likely take the opportunity to sell their home for a newer and bigger home. The fact that interest rates have not yet increased may have prompted many to take advantage of such low rates, before they begin to ascend once again. We should expect starts to just exceed 3,700 units by the end of 2002, which will record this year as the highest number of single-family starts since 1988.

While the construction of single detached homes is occurring throughout the region, a larger proportion of them are concentrated in the former cities of Nepean, Kanata and Cumberland. The former City of Ottawa had the lowest number of new single-family starts, but the highest number of multi-family starts than any other part of the city.

The price for a new single-detached home rose sharply, growing by 11.8 per cent to year-to-date average price of $279,573 in September 2002. The average price for a bungalow grew by 10.2 per cent to $232,638, while the average price for a two-storey, single-detached home grew by 14.0 per cent to $269,000, during the same period. As prices continue to go up, the scales will be tipped in favour of the multi-family market, as potential home buyers look to condominiums and townhouses as a housing option. With consumers moving into other niches in the housing market, we can expect the average price for single-family homes to plateau around $285,000 in 2003.

Multi-Family Market

From January to September of 2002, multi-family starts in Ottawa CMA reached 3,005 units, representing an increase of 35 per cent from the same period last year. Overall, the largest increases were in the number of row and apartment starts in the former City of Ottawa, Vanier and Rockcliffe. To date, the number of apartment starts increased by 93 per cent year over year to 1,235 units. With a tight rental market and rising rents, builders are seeing an opportunity to capture a higher-end rental market in Ottawa. We can expect increased building of new apartment units to capture that niche in the rental market. On the homeowner side, the growing number of senior and empty-nester households in the region is translating into more demand for condo and life-leases. This is even more relevant when current employment figures reveal that, in the first nine months of 2002, the number of employed in the 45 to 64 age cohort has grown significantly compared to last year. This age cohort is not only growing in numbers, but their purchasing power continues to grow as well. Faced with falling equity prices on the stock market, many in this age group are also considering the purchase of property to be a safer investment. All these factors will be fuelling the demand for apartment type units, including condos, for the rest of 2002.

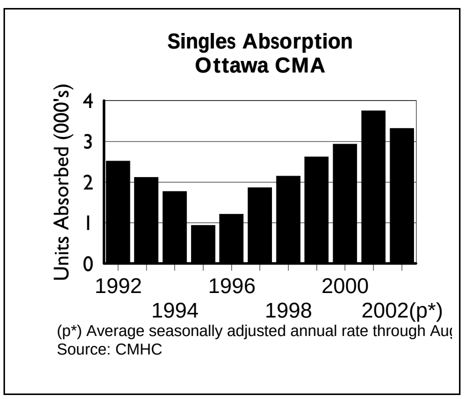
Row housing starts are also up by 37 per cent from last year, reaching 1,318 units by the end of September 2002. While some of these units are designated as rentals, most will be slated for the homeowner market. With the average price for a single-family resale home expected to plateau at around $240,000, many first-time buyers are seeking more affordable homes available on the market. Considering the supply of home on the resale is still limited, it seems builders are already responding to this demand of first-time by increasing the pace of row housing construction. Since 2000, the number of row units started has steadily increased, and we can expect that by the end of 2002 that the number will reach about 1,800units.

Single-Family Inventories

No build-up in supply this year.

Ottawa singles absorptions (or new home sales) have soared since 1995 as local economic strength boosted local incomes and attracted in-migrants. Last year's 3,751 estimated absorptions were up 28 per cent from 2000 and nearly four times the 1995 level. Further, while absorptions have recently eased, current trends suggests 2002 will be the past decade's second-best year.

Dramatic changes have occurred in average new singles prices over this period, especially in the past few years. In both 1992 and 1997, $150,000-$199,000 was the most popular price range, accounting for 33 per cent and 44 per cent of absorptions respectively. But, the market share of dwellings priced $250,000 -299,000 began to rise sharply in 2000; this year such units have accounted for 39 per cent of all singles absorbed.



Demographics, specifically an aging population, largely set the stage for this value shift.

Census data shows that the proportion of occupied homes in the highest value category peaks among households headed by persons aged 45-54 and remains high among households headed by someone aged 55-64. While Statistics Canada estimates that Ottawa's population in both age groups has grown 2.5-3 times as fast as Ottawa's total population, future growth is likely to be smaller, particularly among those 45-54.

Low interest rates have facilitated purchases of such higher-end homes. One-year mortgage rates fell from an annual average of 7.7 per cent in 1992 to 6.65 per cent in 1997 and were 5.3 per cent at the end of September 2002. Such drops cut actual carrying costs on a $250,000 mortgage about 20 per cent between 1992 and 2002, including about 13 per cent in the last five years alone. Adjusting for inflation boosts these drops to 33 per cent and 21 per cent respectively. The current picture of stable-to-rising mortgage rates limit potential additional price thrust from this source.

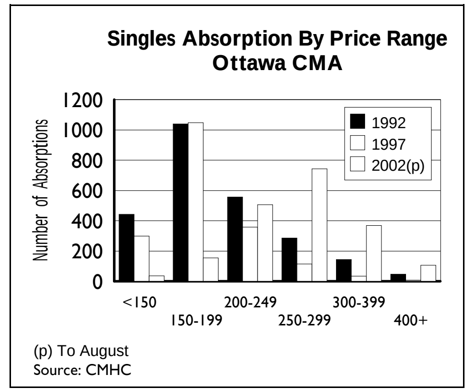
Income growth has also spurred move-up buying. Ottawa's average income rose an estimated 23.4 per cent in 1992-2001, with about 18 per cent of that growth occurring in 1997-01. While such income growth has generally kept pace with house price increases, Ottawa's recently moderating economy appears to have prompted a levelling-off in incomes, suggesting smaller future price pressure from this source.

Still, while these factors contribute to stabilizing new home prices, available data does not suggest a big singles starts plunge ahead.

In General, slowing absorptions suggest emerging oversupply and should signal builders to ease new home construction. CMHC data confirms such builder behaviour. Dividing the number of unsold units by recent absorption volumes provides a sales-to-inventory ratio; similar measures are used to predict future production in many industries.

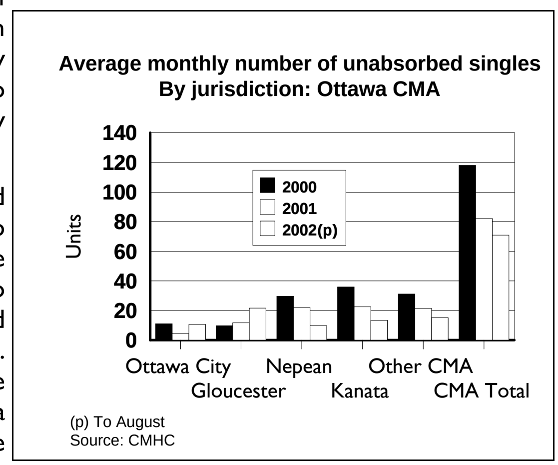
Run-ups in this unabsorbed/absorbed ratio in 1994 and 1995 led to a sharp decrease in 1995 and 1996 single starts, while a longer-term ratio decline starting in 1998 prompted subsequently strong singles starts. This year, CMHC estimates the number of unsold singles in Ottawa CMA has fallen to a monthly average of 71 units from 85 units in the equivalent 2001 period.

Declines in the number of unsold units are appearing across the CMA, in particular, the former cities of Nepean and Kanata. Through August this year, the number of unsold singles have averaged 10 units per month in Nepean and 14 units per month in Kanata. This compares to year-earlier monthly averages of 25 units and 26 units



respectively. These drops have more than outweighed inventory increases in Ottawa and Gloucester.

Good supply management appears to be occurring in all price ranges. The unabsorbed/absorbed ratio for singles in Ottawa CMA has been at or below already-solid year-earlier levels in all price ranges each month this year. Specifically, in the high-volume $200,000 - $249,000 and $250,000 - $299,000 price ranges, these ratios have respectively averaged 0.21 and 0.24 in 2002 through August, down from 0.28 and 0.32 during the equivalent year-earlier period. Similarly-calculated averages for all singles are 0.26 this year,



compared to 0.31 in 2001 to August.

The absence of a supply overhang suggests that an economic recovery will quickly stimulate new construction. This is an important underpinning of our reasonably buoyant singles starts forecast for 2003.

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Resale Market

Sales in 2002 Set to Surpass last Year.

Low interest rates, continued net in-migration, tight rental market conditions and a stabilized job market are all fueling the demand for housing in the resale market. From January to September of 2002, the number sales increased to 10,550, representing an increase of 10 per cent from last year during the same period. In the meantime, new listings have only marginal gone up by just under one per cent to 13,326 total new listings recorded up to this September. With increasing sales and only a slight increase in supply, the average price for a home on the resale market continues to climb. In the first nine months of the year, the citywide average price was pegged at $200,753 in September of 2002, a jump of 14.3 per cent year over year.

TABLE 1: MLS SALES, URBAN SUB-MARKETS

	2002 Y-T-D	2001 Y-T-D	% Chg.	2000
Orléans	**1501**	1519	**-1.2**	1,846
East End	**798**	660	**20.9**	886
South-East	**1438**	1321	**8.9**	1,745
Downtown	**736**	702	**4.8**	920
West End	**1077**	977	**10.2**	1,281
Nepean	**881**	796	**10.7**	1,145
Barrhaven	**631**	543	**16.2**	749
Kanata-Stittsville	**1230**	985	**24.9**	1,447

Source: OREB

This whole scenario of rocketing housing prices resulted from the intense pressure of a growing job market and continued net in-migration to the city. Low available rates was also making it attractive for first-time buyers and move-up buyers to enter the market for housing. Looking back from 1997 onwards, the trend in Ottawa has been a fluctuating but strong demand for homes, while there was a continuous decline in the number of listings available on the market. Supply was no longer keeping up with the insatiable demand, and prices had been rising sharply. By early 2002, major bidding wars occurred between buyers for the few remaining listings available.

Conditions are no longer as intense as they were at the beginning of the year, and already there are signs that the strong of pace of sales is beginning to relent. Although year-to-date figures show prices still rising sharply, the number of new listing available on the market has also been growing since the summer. By the end of 2002 and the beginning of 2003, we can expect the level of supply to grow even further, as more homes become available in the market. With more buyers turning to the new housing market, this will give a chance for supply on the resale side to buildup once again. As a result, CMHC expects the average MLS price for a home will level off in 2003, as the markets become more balanced in terms of supply and demand. We can expect that the numbers of transactions this year will come close to within CMHC's forecast, with MLS sales achieving about 13,400 transactions by the end of 2002. A sharp rise in prices this year means that the average MLS price for a home in Ottawa will come in above our forecast to about $206,000 by the end of the year. By 2003, we can expect the markets to cool off, with transactions reaching about 13,600 and average price increasing to about $210,600.

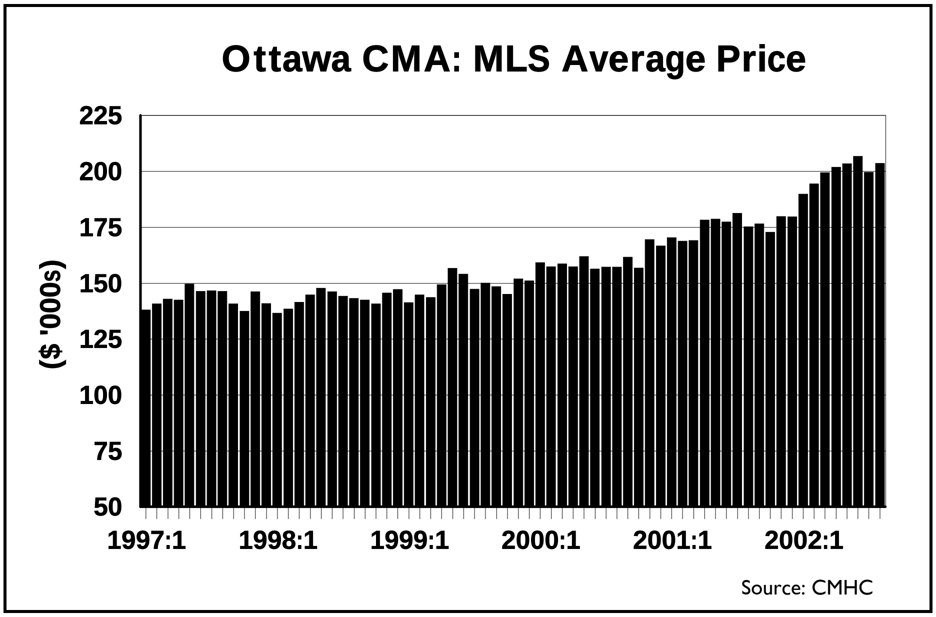
Consumers looking for other Forms of Affordable Housing

The sale of single-detached homes grew by 11.2 per cent in the first nine months of 2002, which represents 5,759 sales compared to 5,177 during the same time last year. The high demand for single-family home and a shrinking supply over the last few months has forced up the average price to $230,930, for an increase of 13 per cent from last year. With the price for a single-family home going beyond the reach of some potential buyers, there is evidence that other forms of more affordable shelter are making up a larger share of the sales in the housing market.

The pace of sale for duplexes and row housing is ahead of the single-detached market. From January to September of 2002, the number of transactions in duplexes grew by 12.1 per cent to 1,072 sales. The average price for a duplex shot-up concurrently to $192,000, an increase of 14.8 per cent. Meanwhile, the sale of row housing jumped by 14.4 per cent during this period to 1,242 transactions, while prices leaped ahead to $174,852, for an increase of 12.3 per cent from the year-to-date figure in September of last year. It is important to remember that duplexes and row housing are more attractive alternatives for first-time home buyers.

Interestingly, condo sales are only up by 4.7 per cent during the first nine months of this year, reaching to about 1,027 sales. The main reason could be a lack of quality units available on the market. This is evident by how the price has grown significantly by 18.5 per cent from January to September of 2002. Now pegged at around an average price of $145,725, they are still the most affordable option available for those seeking affordable housing in the private market. Many condo projects are on underway in the city, and as they become available on the market, we can expect increasing number of sales of this form of accommodation. Low interest rates and a steady demand from key demographic markets, such as the growing senior population, empty-nesters and young urban professionals seeking downtown living will keep sales in this market up in the future.

Surprisingly, the number of sales in townhouse condominiums is actually down from last year, recording only 845 unit sales from January to September of 2002, for a decrease of 3.4 per cent from the same time last year. A lack of supply of this housing type is forcing the average price higher for a townhouse condominium. By the end of the third quarter, the price jumped to $145,716 for an increase of 15.1 per cent.



Prices in Downtown Continue to Soar

The number of sales were down in almost all communities within Ottawa. By the end of 2001, only Orleans recorded 1,932 transactions compared to 1,846 in 2000, for an increase of 4.6 percent between those two years. The remaining communities, which include the East End, South East, Downtown, West End, Nepean, Barrhaven and Kanata-Stittsville, all recorded a decrease in the number of sales transactions during this period. Year-to-date figures for 2002 reveal that sales will even be less than 2001. However, the dollar volumes from all sales are clearly up in each community, as limited supply and high demand pushed prices up everywhere. The most significant jump was in the Downtown, where prices bounced up from a total average MLS price of $211,169 in 2000 to $241,523 in 2001. Because of the Glebe's desirability, high demand and small listing have pushed up the overall average price for a single-family home in Downtown. From January to September of 2002, the average price recorded for Downtown is already above $270,000, and will likely go higher by the end of the year. By the third quarter of 2002, Orleans, East End, West End and Nepean had an average resale price for all homes below $200,000. Communities like Barrhaven, Kanata-Stittsville and the Southeast were all above the $200,000 mark.

The increase in sales for the Ottawa CMA proves that resale activity is growing on the outer edges of the city. Clearly, the drop in listings is occurring within Ottawa, and some potential buyers are looking further out of the city limits for housing. Prices will keep going up, however, as supply is limited and strong consumer demand, fueled by in-migration to the city and low mortgage rates, make it attractive for both first-time and move-up buyers.

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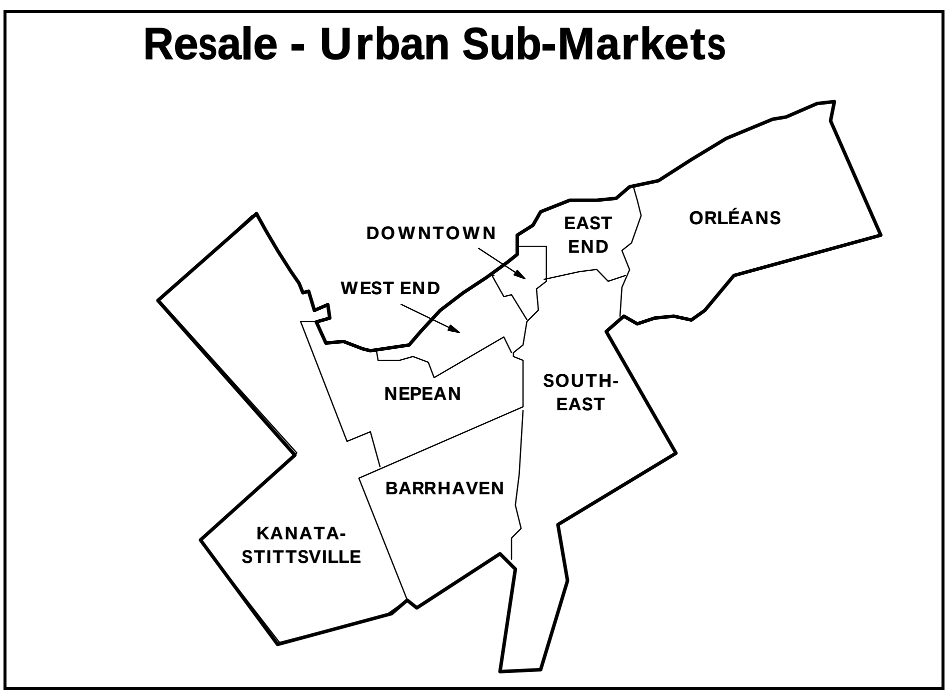
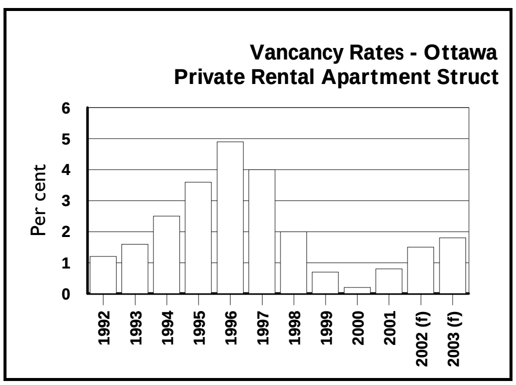


Rental Market

Vacancy Rates will go up in 2002

Following a vacancy rate of just under one per cent in October of 2001, CMHC expects the vacancy for apartment with 3 units or more to ease up to about 2.0 per cent in 2002, but will tighten again to about 1.5 per cent in 2003. Because of 40 year low mortgage rates and high rental costs, many property owners will see an exodus of renters this year into home ownership. The weak job market for youth this year will also translate into less potential demand for rental properties. However, continued migration to the Ottawa region, especially younger households, will maintain the demand for rental accommodations in 2002 and 2003. In addition, rising housing prices in the resale market this year will offer potential homeowners few options. With the construction of new rental units this year, the added supply will force up the vacancy rate as demand softens in 2002. In 2003, we should expect vacancy rates to tighten, as more conversions of existing supply to the condo market will limit the choice available in the rental market.



Forecast for Rent Increases

Considering the construction of new rental stock this year, the added new supply in 2003 will mean that fewer renters will have more to choose from. Landlords competing for fewer renters and may not see as large an increase in rents this year. Following a 4.2 per cent increase in 2001 to $914 monthly for a two-bedroom apartment, tenants will likely see rents go up only 3 per cent during the 12 month period ending October 2002. Despite some conversion that may take place, landlords will likely not raise rents too high and risk higher vacancies. With continued low mortgage rates and more selection in the townhouse market, landlords will try and keep tenants in the rental market.

Rising energy costs will have an impact rent increases for 2003. Some landlords connected to the Hydro One grid can expect to see rising electricity rates, which will be transferred to their customers. With expected rising cost of electricity this winter, landlords may not have a choice but to raise rents higher accordingly.

In 2003, average rents are expected to increase by 4.0 per cent in 2003. Unfortunately for renters, the new additions to the rental stock will not prevent rent increases, because the cost of associated with building new units rental units. In fact, average rents will continue to go up as costs for building keep increasing.

Mortgage Rates

Slower economic growth at home and south of the border will help keep mortgage rates low over the next several months. However, concerns over accelerating pace of economic growth and inflation will lead to a less relaxed monetary policy and will push up bond yields and mortgage rates by the second half of 2003. While open and variable rate mortgages generally track lenders' prime rate, fixed rate mortgages move in tandem with the bond market.

Mortgage rates will continue to remain low by historical standards. The one-year closed mortgage rate is forecast to be in the 4.50-7.00 per cent range over the next fourteen months. The three-year and five-year term mortgage rates will be in the 5.50-8.00 and 6.50-8.50 per cent ranges, respectively for the rest of this year and next. However, there are risks to the forecasts such as the performance of the U.S. economy and further volatility in capital markets, which could result in mortgage rates falling outside the forecast range.

Economic Overview

Gains in Public Sectors Employment Stabilize the Job Market

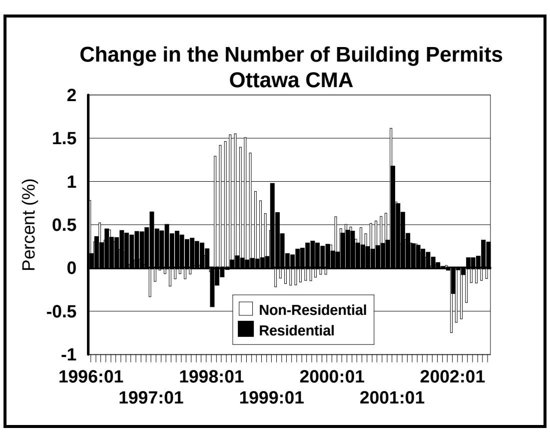
With severe job cuts in the high-tech sector, the general expectation was for a cooling off in the economy. The other expectation was that this would negatively impact the booming housing markets in Ottawa this year, as job loss always affects consumer demand for big-ticket items. The evidence so far, however, shows that the job market in Ottawa has actually stabilized because of strong job creation in the public sector. Coupled with historically low mortgage rates and continued net in-migration to the city, the housing market in Ottawa has not lost any steam at all. If current conditions continue, 2002 will achieve a 14 year high, in terms of new housing starts and record number of sales in the resale market.

By the end of September, the Ottawa economy managed to lose about 4,900 jobs, representing a modest decline of 1.1 per cent last year. Based on September Statistics, the unemployment rate in Ottawa CMA was 7.5 per cent, on par with the National average. Looking back at the end of 2001, the Ottawa economy had gained a net total of over 10,400 new jobs compared to year-end of 2000, despite job losses from the high-tech sector towards the end of 2001. With more layoffs in the high-tech sector this year and significant jobs gains in the public sector and retail, we can expect by the end of 2002 that, on balance, there will be slight job gains.

The fiber-optics and Internet technology clusters were the most affected by the slow down in high-tech sector of economy. Two large companies bore the brunt of the massive layoffs in Ottawa, Nortel and JDS Uniphase. JDS recently announced another round of layoffs and plans to consolidate its operations around the world, including making Ottawa the hub of its research and development division. These clusters of the high-tech industries are closely linked to the performance of the U.S. economy, as most export to the market down south. Therefore, a recovery of the U.S. telecom sector will ultimately lead to turn around in Ottawa's telecom sector. With little improvement in the U.S. economy this year, we look to 2003 for a change in this sector.

A sizable part of the manufacturing sector makes up the high-tech economy in Ottawa, and it is this segment where job loss is the most evident. From January to September of 2002, an estimated 10,300 manufacturing jobs were lost in Ottawa, a decrease of 25.5 per cent compared to the same time last year. Other sectors are also showing signs of weakness this year. Despite a booming housing market, the number of construction jobs in Ottawa actually shrank by 8.4 per cent in the first nine months of 2002, representing a loss of over 1,600 jobs. While housing construction is strong and will likely sustain a large segment of the construction job market, a reduction in the number of new non-residential construction projects explains the drop in overall employment in that sector (chart). The service sector has also been impacted by job loss as the workforce shrank by 9,600 to September, representing a decrease of 4.5 per cent from the same period a year ago.

Putting this job loss in perspective however, the overall job market has not been as severely impacted, as one would expect, due to job growth in other sectors of the economy. The big winner this year was clearly the public sector, where employment figures reveal that an estimated 16,400 new jobs were created from January to September of 2002. This is an increase of 22. 3 per cent compared to the same period last year. Other sectors that witnessed gains in employment include the finance and insurance and trade sectors. With evidence of increasing department store sales and consumer spending, there is significant job growth in retail trade. According to year-to-date average employment figures from January to September of 2002, there was a net gain of 3,600 jobs in retail trade, for an increase of 6.4 per cent from last year at this time.



In terms of the housing market in Ottawa, steady job growth this year will translate into more disposable for the average consumer. Looking at monthly Seasonally Adjusted Unemployment rates, we see that the rate has come down and leveled off in the past few months. In accordance, the help wanted index has increased this summer, indicating that demand for labour has been rising as companies become confident about future economic prospects. Above all else, low interest rates will continue to provide an advantage to consumers buying big ticket items, like automobiles and homes. However, the banks will likely raise interests rates by the end of 2002 or early 2003, and this will mean higher mortgage and borrowing costs for consumers. Depending on the extent of job and wage growth in 2003, higher mortgages could dampen home sales to some extent next year.

Big Job Gains for the 45-64 Age Cohort

Though employment gains were evident in some sectors of the economy, not all segments of the population were equally fortunate. Older adults, aged 45 to 64 years of age, had significant gains in new full-time jobs, while youth, representing those between 15 to 24 years of age, had some modest gains in part-time jobs. Adults aged 25 to 44 years recorded job loss in both full-time and part-time employment.

By September of 2002, the number of adults between 45 and 64 years of age in the workforce grew a phenomenal rate. The number employed full-time snowballed by another 15,000 to 151,700, for an increase 13.6 per cent from last year at this time. The number employed part-time grew by 20.7 per cent or 4,000 positions during the same period. Interestingly, the number entering the labour force during this period increased by 22,300 more people. This is clearly one of the fastest growing age groups in Ottawa, and they are recording the strongest job growth compared to any other age cohort. With a growing number of households entering retirement age and/or had families and are now empty-nester, the demand for other forms of home ownership, such as condos and life-leases will gain momentum. For the next year, we can expect stronger demand for more condo apartments and townhouses, as many enter into retirement or seek different housing arrangements for changing family lifestyles.

For youth, about 8,200 full-time positions were lost by the end of September of 2002, representing a decrease of 18.9 percent from last year. This was only offset by a 3.8 per cent increase in the number employed part-time, or a gain about 1,100 new positions. The overall unemployment rate for this age cohort in September was 12.5 per cent, higher than the nation average. Overall, this age cohort has been affected by the downturn in high-tech, and this will have an impact on the rental markets as this age group is more likely to rent then own. As a result, demand for rental accommodations will be softer in the last quarter of 2002.

The working adult population between 25 and 44 years of age was the most impacted by recent job layoffs in high-tech. Between September of 2001 and September of 2002, the number of adults employed shrank to 229,000 in Ottawa CMA, representing a decline of 7.7 per cent or a loss of 17,200 positions. In terms of full-time positions, there was a loss of 13,800 positions, a decrease of 6.8 per cent. The number employed in part-time positions also declined by 16.9 per cent, a loss of 3,400 positions during the same period. Because this age group is the key home buying market, negative job gains will have some impact on demand for housing. For the rest of 2002 and the beginning of 2003, demand for single-family homes will be softer than last year. With most job cuts in high-tech behind us, and an improving job market in the public sector, the job market for this age group will likely improve in the next year. We can expect demand to pickup steam again by the middle of 2003.

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FORECAST SUMMARY Ottawa CMA Fall 2002

RESALE MARKET	1999	2000	2001	% chg.	2002F	% chg.	2003F
MLS Sales	11,329	12,692	12,237	-3.6	13,400	9.5	13,300
MLS Average Price, all units	$149 650	$159 511	$175,971	10.3	$200,600	14.0	$210,600
MLS Average Price, Single det.	$172,562	$188,156	$205,094	9.0	$230,400	12.5	$242,400
MLS Average Price, Condo	$100 669	$107 958	$124,087	14.9	$147,700	19.0	$164,600
Sales to New Listings Ratio	0.65	0.79	0.71	-	0.67		0.66
HOUSING STARTS							
Total	4,447	5,786	6,251	8.0	7,760	-3.5	6,400
Single detached dwellings	2,837	3,494	3,502	0.2	3,700	5.6	3,100
Semi & Row dwellings	1,418	1,716	2,074	20.9	2,300	10.4	2,150
Condo Apartments	138	30	285	850.0	560	96.5	700
Private Rental	54	546	390	-28.6	1,200	156.0	400
Median price, Single detached	$194 900	$208 900	$244,400	17.0	$268,000	9.7	$274,000
RENTAL MARKET							
Vacancy Rate (October)	0.7	0.2	0.8	-	1.5	-	1.8
Average Rent (2-bedroom)	$783	$882	$914	3.6	$930	3.1	$960
ECONOMIC OVERVIEW							
Mortgage Rate - 3 year term	7.97	8.17	6.88		6.5		5.5-8.0
Mortgage Rate - 5 year term	8.13	8.35	7.41		7.5		6.5-8.5
Employed	414,200	431,500	441,800	10.3	442,000	0.0	445,400
Employment Growth	17,800	17,300	10,300	-40.5	200	**	3,010
Net Migration	7,700	9,800	12,500	27.6	10,300	-17.6	9,000

Sources: Ottawa Real Estate Board; The Corporate Research Group; Statistics Canada; Human Resources Development Canada; Canada Mortgage and Housing Corporation

The Ottawa Real Estate Board is an industry association of 1,400 sales representatives and brokers in the Ottawa area. The OREB website is www.ottawarealestate.org

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F = CMHC Forecast

The Ottawa CMA Housing Market Outlook is CMHC`s local forecast for new home and resale markets. Issues are released in the Spring and Fall of each year. To become a subscriber for only $40.00 annually (single- $25.00) (+GST) or for more information please call 1-800-493-0059.