



# HOUSING NOW

New Brunswick

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

## Housing Starts Down

### Fewer homes started in the third quarter despite strong demand

✓ Despite strong demand, third quarter housing starts in New Brunswick could not maintain the pace set in the second quarter. Third quarter housing starts reached 1,091 units compared 1,251 units last year.

✓ Third quarter rural and urban starts declined for the third consecutive year. Provincial urban starts reached 740 units in the third quarter, a 7 per cent drop when compared to 2001, while rural starts declined nearly 22 per cent to 351 units. Builders focusing on completing the units they started earlier this summer caused the slowdown in residential activity.

✓ In the province's urban centres, 544 of the 740 starts in the third quarter were single-detached homes. While in rural areas, 167 of the 186 units started were single-family dwellings.

✓ Third quarter housing starts dropped in Moncton and Fredericton in particular while they increased in Saint John. However, housing units under construction at the end of the third quarter were significantly higher than a year ago in both Moncton and Fredericton.

✓ Total housing completions in New Brunswick reached 1,620 units during the first three quarters, an 8 per cent increase when compared to 2001.

VOLUME 5, EDITION 3  
THIRD QUARTER 2002

#### IN THIS ISSUE

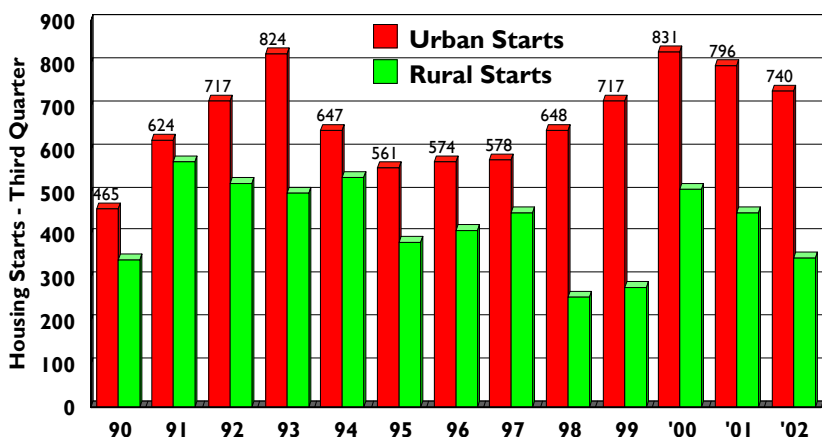
- 1 Fewer homes started in the third quarter despite strong demand
- 2 Fewer new single-detached homes started in the Capital region
- 2 MLS® sales strong so far this year
- 2 Urban starts trending up

#### STATISTICAL TABLES:

- 3 Activity summary by area New Brunswick
- 4 Starts by intended market for Fredericton, Moncton and Saint John

MLS® is a registered certification mark of the Canadian Real Estate Association

Third Quarter: Both Urban and Rural Starts Down



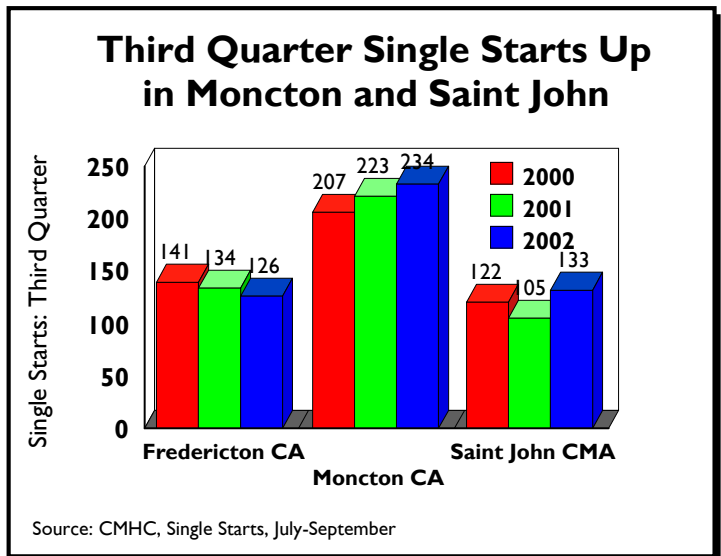
HOME TO CANADIANS  
Canada

# FREDERICTON MONCTON SAINT JOHN

## Housing Market Overview

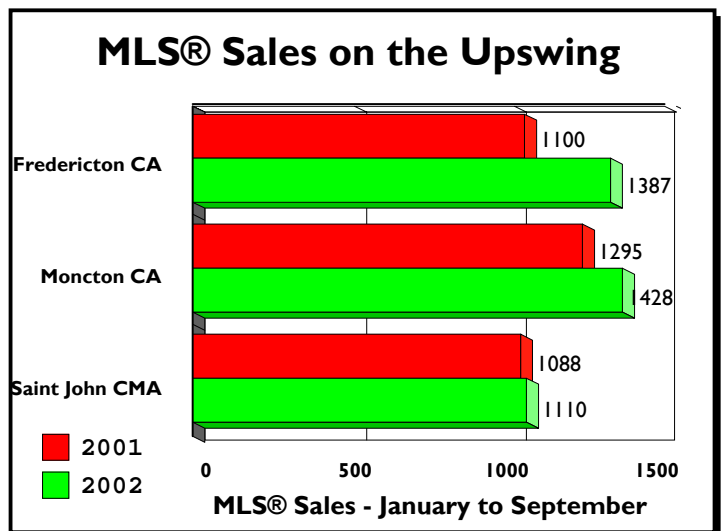
### Fewer new single-detached homes started in the Capital region

- ✓ Despite a strong demand, third quarter single-detached starts declined in Fredericton, while residential activity bounced back in Saint John and maintained its upward trend in Moncton.
- ✓ Demand for single-family homes remains strong in the Fredericton area. The slight drop in single-detached starts is mainly due to the broad supply of existing homes available for sale on the resale market. With new listings up significantly in the third quarter, a larger proportion of potential buyers in Fredericton were able to find a home on the resale market.



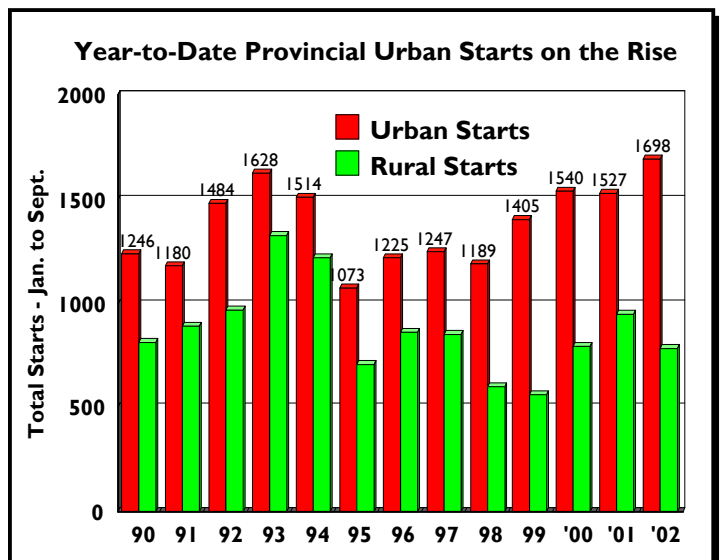
### MLS® sales strong so far this year

- ✓ Strong consumer confidence, employment growth and attractive mortgage rates are all key factors maintaining a strong demand for single-family homes.
- ✓ The number of transactions on the resale market to the end of September is a clear indication that housing demand remains strong across the larger urban areas of the province. Sales of existing homes increased significantly in the Fredericton and Moncton areas. The Greater Moncton area led the province with a record 1,428 homes sold in the first three quarters.
- ✓ Strong demand combined with fewer active listings continue to create upward pressure on prices. As a result, the resale market remains classified as a *sellers' market* in all three larger urban centres.



### Urban starts trending up

- ✓ Urban starts reached 1,698 units in the first three quarters. This represents an 11 per cent increase when compared to the to last year and the highest level for that 9-month period since 1989 (1,730 units).
- ✓ Year-to-date rural starts 789 units, a 17 per cent drop when compared to the 952 units started over the same period last year.
- ✓ Due mainly to an aging population, more people are moving from rural areas in to urban centres. This explains why urban starts have been trending up and capturing a greater share of the housing market since the mid-'90s.



**TABLE 1  
ACTIVITY SUMMARY BY AREA  
New Brunswick**

Area	Starts						Completions						Under Construction		
	Third Quarter			Year-to-Date			Third Quarter			Year-to-Date			As at September 30		
	2002	2001	% chg	2002	2001	% chg	2002	2001	% chg	2002	2001	% chg	2002	2001	% chg
Bathurst CA	13	17	-23.5	28	29	-3.4	16	15	6.7	27	28	-3.6	14	14	0.0
Campbellton CA	6	7	-14.3	10	10	0.0	3	3	0.0	4	5	-20.0	7	7	0.0
Edmundston CA	32	26	23.1	39	51	-23.5	6	21	-71.4	13	32	-59.4	37	24	54.2
Fredericton CA	132	215	-38.6	302	454	-33.5	228	236	-3.4	446	421	5.9	201	187	7.5
Miramichi CA	28	9	211.1	41	20	105.0	11	57	-80.7	17	60	-71.7	31	11	181.8
Moncton CA	396	404	-2.0	979	680	44.0	327	265	23.4	840	724	16.0	684	610	12.1
Saint John CMA	133	118	12.7	299	283	5.7	134	89	50.6	273	224	21.9	161	161	0.0
<b>TOTAL URBAN AREAS</b>	740	796	-7.0	1698	1527	11.2	725	686	5.7	1620	1494	8.4	1135	1014	11.9
<b>TOTAL OTHER AREAS</b>	351	455	-22.9	789	952	-17.1	72	270	-73.3	529	853	-38.0	753	638	18.0
<b>TOTAL NEW BRUNSWICK</b>	1091	1251	-12.8	2487	2479	0.3	797	956	-16.6	2149	2347	-8.4	1888	1652	14.3

Source: CMHC

## NEED MORE DETAILED INFORMATION?

**Market Analysis Products and Services are designed to suit your needs.** CMHC is the source for expert analysis and comprehensive data on housing. If you are in the housing industry, it is critical that you understand the trends and factors behind New Brunswick's housing markets. There is no substitute for the thorough, concise analysis of housing market developments that you get with CMHC's market data and analysis. Contact CMHC's Senior Market Analyst for New Brunswick:



Your Link to the Housing Market

**BEN CHAMPOUX**  
**Tel.: (506) 851-2742**  
**Fax: (506) 851-6188**  
**E-mail: [bchampou@cmhc-schl.gc.ca](mailto:bchampou@cmhc-schl.gc.ca)**  
**Web site: <http://www.cmhc-schl.gc.ca>**

**TABLE 2**  
**STARTS BY AREA AND DWELLING TYPE**  
**Fredericton / Moncton / Saint John**

Area/ Period	Single	Semi	Row	Apartment & other	Total	Area/ Period	Single	Semi	Row	Apartment & other	Total
<b>Fredericton City</b>						<b>Grand Bay-Westfield</b>					
July - Sept. 2002	51	2	4	0	57	July - Sept. 2002	3	0	0	0	3
July - Sept. 2001	74	8	0	69	151	July - Sept. 2001	8	0	0	0	8
Jan. - Sept. 2002	128	7	4	10	149	Jan. - Sept. 2002	13	0	0	0	13
Jan. - Sept. 2001	137	12	0	147	296	Jan. - Sept. 2001	11	0	0	0	11
<b>Total Fredericton</b>						<b>Quispamsis Town</b>					
July - Sept. 2002	126	2	4	0	132	July - Sept. 2002	43	4	0	0	47
July - Sept. 2001	134	8	4	69	215	July - Sept. 2001	46	0	6	0	52
Jan. - Sept. 2002	277	7	4	14	302	Jan. - Sept. 2002	115	4	0	0	119
Jan. - Sept. 2001	291	12	4	147	454	Jan. - Sept. 2001	95	0	6	0	101
<b>Moncton City</b>						<b>Rothesay Town</b>					
July - Sept. 2002	99	10	0	108	217	July - Sept. 2002	15	2	3	0	20
July - Sept. 2001	81	18	0	76	175	July - Sept. 2001	10	0	0	0	10
Jan. - Sept. 2002	216	20	0	324	560	Jan. - Sept. 2002	22	2	3	0	27
Jan. - Sept. 2001	116	20	0	117	253	Jan. - Sept. 2001	21	2	4	0	27
<b>Dieppe Town</b>						<b>Saint John City</b>					
July - Sept. 2002	66	14	0	12	92	July - Sept. 2002	30	4	11	0	45
July - Sept. 2001	54	4	0	91	149	July - Sept. 2001	23	0	4	2	29
Jan. - Sept. 2002	181	18	0	20	219	Jan. - Sept. 2002	77	14	21	0	112
Jan. - Sept. 2001	146	12	4	97	259	Jan. - Sept. 2001	57	10	11	8	86
<b>Riverview Town</b>						<b>Saint John - Other outlying areas</b>					
July - Sept. 2002	24	10	0	8	42	July - Sept. 2002	42	0	0	0	42
July - Sept. 2001	13	0	0	9	22	July - Sept. 2001	18	0	0	1	19
Jan. - Sept. 2002	64	22	9	8	103	Jan. - Sept. 2002	28	0	0	0	28
Jan. - Sept. 2001	51	22	0	6	79	Jan. - Sept. 2001	58	0	0	0	58
<b>Total Moncton CA</b>						<b>Total Saint John CMA</b>					
July - Sept. 2002	234	34	0	128	396	July - Sept. 2002	133	10	14	0	157
July - Sept. 2001	223	24	0	157	404	July - Sept. 2001	105	0	10	3	118
Jan. - Sept. 2002	554	62	9	354	979	Jan. - Sept. 2002	255	20	24	0	299
Jan. - Sept. 2001	439	40	4	197	680	Jan. - Sept. 2001	242	12	21	8	283

Note: Other outlying areas include Greenwich Parish, Kingston Parish, Musquash Parish, St. Martins Parish, St. Martins Village, Simonds Parish, Lepreau Parish, Petersville Parish, Hampton Town, Hampton Parish and Upham Parish.

**Housing Now** is published 4 times a year for the New Brunswick market. Annual subscriptions to the **Housing Now** for New Brunswick are \$55.00 plus applicable taxes. This publication is also available in French. For more information, or to subscribe, contact Sandra Slaunwhite at the Atlantic Business Centre at (902) 426-4708.

Ce document est disponible en français. Veuillez communiquer avec Sandra Slaunwhite au Centre d'affaires de l'Atlantique au (902) 426-4708.

Order no. 2086



# F O R E C A S T

New Brunswick

## S U M M A R Y

Canada Mortgage and Housing Corporation

VOLUME 5 EDITION 2  
THIRD QUARTER 2002

### Builders and Realtors to Remain Active in 2003

Strong consumer confidence, employment growth, urbanization and low mortgage rates are all key factors which will continue to stimulate housing markets in 2003. In 2003, residential construction in New Brunswick may not match the 2002 levels, but will remain strong in historical terms.

Despite the expected increase in the average existing and new home prices in 2002 and 2003, homes in New Brunswick still remain relatively low. Home prices have grown at a much slower pace in New Brunswick than most of the other Canadian provinces. This is also another key factor which will support strong levels of construction activity.

#### New home construction prices lag inflation

Over the past decade, the price of

building a new home, including the purchase of a lot as measured by the New Housing Price Index (NHPI), has lagged the Consumer Price Index (CPI) in Moncton and Saint John. The NHPI measures changes over time in the contractors' selling prices of new residential houses and provides results individually for the structure (house), land and a combined total cost.

Since 1992, the total NHPI for both house and land in Moncton and Saint John actually declined 2.8 per cent while the local CPI climbed 19.6 per cent. When the NHPI is examined for land and house separately, land prices were up 2.5 per cent while structure costs (house only) declined 4.1 per cent. In other words, when compared to the costs of other goods and services, the cost of purchasing a new home in Moncton and Saint John is relatively less expensive today than 10 years ago.

#### IN THIS ISSUE

##### FREDERICTON

- 2 Employment trending up
- 2 Strong demand for single-detached homes
- 2 Multiple starts to rise

##### MONCTON

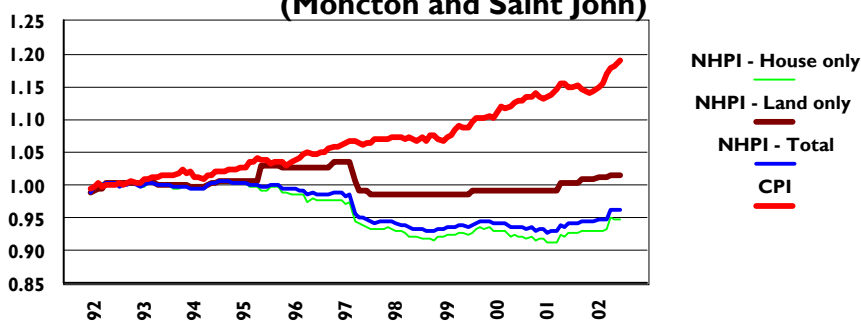
- 3 Abundance of jobs continues to stimulate in-migration
- 3 Both new and existing home markets to remain "hot"

##### SAINT JOHN

- 4 Employment growth to support housing demand
- 4 Housing starts to maintain upward trend again next year

MLS® is a registered certification mark of the Canadian Real Estate Association

**New Home Price Index (NHPI) and Consumer Price Index (CPI) (Moncton and Saint John)**



Source: Statistics Canada  
1992 = 1.00



HOME TO CANADIANS  
Canada

# Fredericton CA

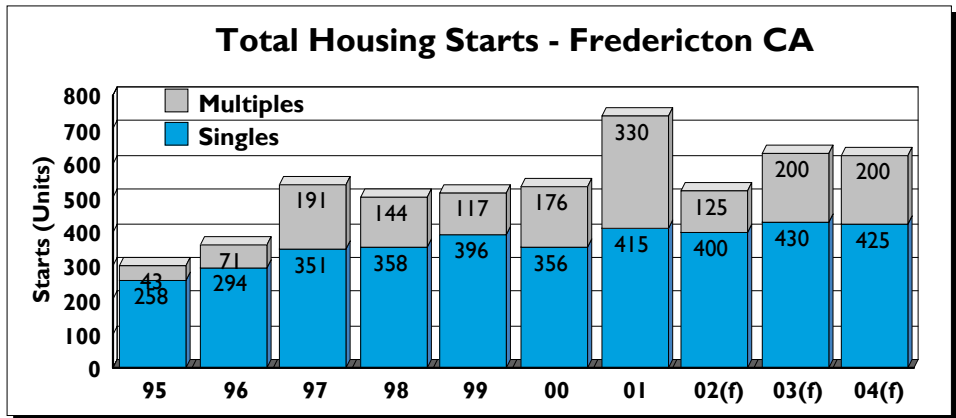
## Employment trending up

Following a decline earlier this year, employment increased significantly in the third quarter when compared to last year. At the end of September, employment had reached a record high of 28,100, a 15 per cent increase when compared to last year. Furthermore, more full-time jobs were created in the third quarter while part-time jobs declined over the last few months. In fact, the number of full-time jobs at the end of September rose to a new record high of 24,900 compared to 21,600 twelve months ago.

The increases in employment came mainly from the public administration and service sectors. These increases were more than enough to offset a slight decline in the transportation, communication and trade sectors. Activity in the knowledge-based economy is picking up again after companies involved in the IT sector suffered earlier this year from the U.S. economic slowdown.

## Strong demand for single-detached homes

Strong employment growth combined with low mortgage rates will continue to support strong demand for single-family dwellings. However, expect an increased number of potential homebuyers to opt for



an existing home in 2003. The resale market continues to offer a broad range of listings at relatively lower prices while new home prices are currently trending up due to higher material and labour costs. This was already evident in the first three quarters of 2002. At the end of September, single starts had already dropped 6 per cent to 124 units, while MLS® sales had reached 1,387 units, a new record high and a 26 per cent increase when compared to the same period last year.

Realtors are poised for another good year as listings remain above last year's mark despite the strong levels of sales. An increased number of homes available for sale outside the City of Fredericton has caused a spur of activity on the resale market. The increased number of sales outside the city limits also explains the drop in the average sales price so far this year. Historical data clearly indicates that

homes sold in the city were usually at a higher price than units sold outside the city limits. In the City of Fredericton, the resale market remains a sellers' market due to strong demand and a scarcity of active listings.

## Multiple starts to rise

In 2001, builders clearly reacted to the tight rental market conditions. Multiple starts reached a record high of 330 units that year. The substantial growth in multiple starts in 2001 has caused a decline in construction activity in 2002, as builders were busy completing their larger rental projects started last year. Now that most of those several hundred units are completed and absorbed, expect multiple starts to bounce back in 2003. These new projects will somewhat ease the tight rental market conditions experienced over the last few years.

## FORECAST SUMMARY Fredericton CA

	1999	2000	2001	2002*	2003*	2004*	% Change
<b>NEW HOME MARKET</b>							
Total Starts	513	532	745	525	630	625	-0.8%
Singles-detached	396	293	344	325	350	340	-2.9%
Mini Homes	--	63	71	75	80	85	6.3%
Multiples	117	176	330	125	200	200	0.0%
Avg New Home Price	121,980 \$	119,000 \$	138,200 \$	150,000 \$	155,000 \$	150,000 \$	-3.2%
Vacancy Rate	1.5%	1.3%	1.5%	1.8%	2.0%	2.5%	
<b>RESALE MARKET</b>							
MLS® Sales	1106	1287	1384	1600	1650	1400	-15.2%
Average Sales Price	95,687 \$	99,507 \$	105,818 \$	101,000 \$	102,000 \$	106,000 \$	3.9%

# Moncton CA

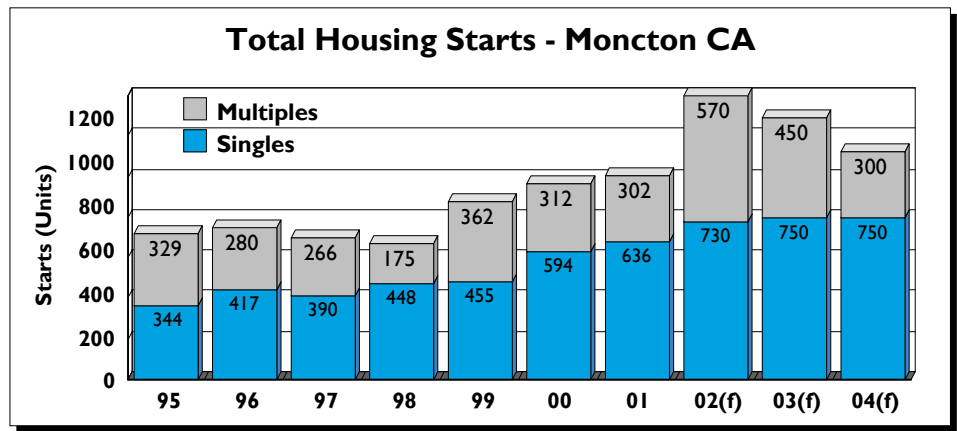
## Abundance of jobs continues to stimulate in-migration

Employment reached 66,400 at the end of March, reaching a new record high and exceeding last year's employment levels by 4,000 workers. Employment growth is being driven by several key industries, including the finance, insurance, real estate, manufacturing and service sectors.

Both full-time and part-time jobs have increased significantly over the last twelve months. At the end of September, full-time jobs increased by 2,500 to a record high of 56,800, while part-time jobs rose by 1,500 to 9,600. Due to the strong employment growth, the number of people unemployed this year is even lower than the 2001 levels. Therefore, employers have to recruit outside the region to fill the majority of these new positions. The influx of workers to the Greater Moncton region is not expected to slow down anytime soon.

## Both new and existing home markets to remain "hot"

Workers moving into the region over the last few months have had a significant impact on both new and existing home markets. In-migrants are likely to either rent an apartment or buy an existing home. However, with the current record



low vacancies on the rental market, most migrants had no choice but to purchase an existing home. As a result, MLS® sales have continued to rise at record pace this year despite a significant drop in new listings. The combination of strong demand and fewer listings have caused upward pressure on prices. This was evident in the first three quarters as the average MLS® sales price jumped to \$99,900, a near 10 per cent increase when compared to last year.

The current resale market conditions will convince many households to list their home for sale and move into a new housing units which will better meet their needs. Some young couples with or without children will opt for larger units, while many empty nesters and seniors will downsize and move into a new semi-detached, condo or high end apartment unit. When combined with other key

factors such as higher wages and salaries and low mortgage rates, everything indicates that realtors and builders will remain busy in 2003.

On the resale market, listings will slowly pick up over the next few months, allowing sales of existing homes to reach another record year in 2003. However, both sales and the average sales price will grow at a slower pace than in 2002. On the new home market, 2002 will be the best year for builders in three decades. All indicators lead us to believe that both singles and multiple starts will remain strong in 2003. Expect multiple starts to bounce back in Dieppe, following a weaker year in 2002. Our current forecast indicates total housing starts in Greater Moncton will reach 1,300 and 1,050 units in 2002 and 2003 respectively. New home construction will slow down in 2004, but remain strong in historical terms.

## FORECAST SUMMARY Moncton CA

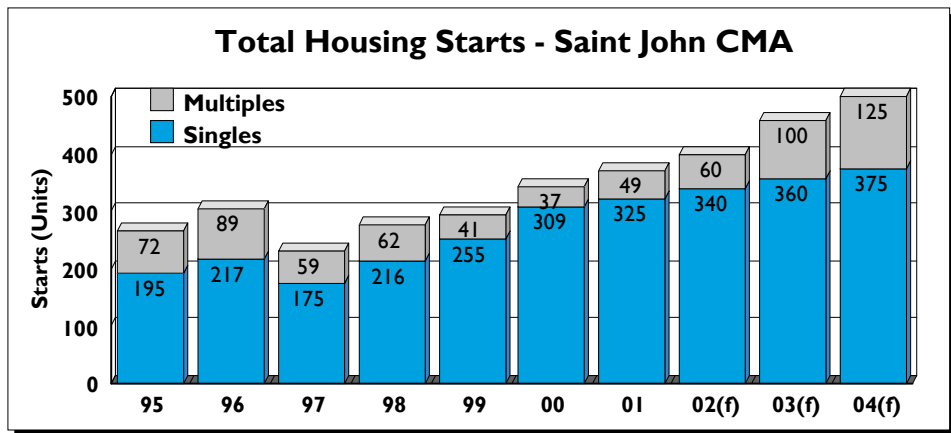
	1999	2000	2001	2002*	2003*	2004*	% Change
<b>NEW HOME MARKET</b>							
Total Starts	817	906	938	1300	1200	1050	-12.5%
Singles-detached	371	471	510	600	610	600	-1.6%
Mini Homes	84	123	126	130	140	150	7.1%
Multiples	362	312	302	570	450	300	-33.3%
Avg New Home Price	107,888 \$	112,000 \$	138,650 \$	140,000 \$	143,000 \$	145,000 \$	1.4%
Vacancy Rate	3.8%	1.7%	1.6%	1.5%	2.0%	2.5%	
<b>RESALE MARKET</b>							
MLS® Sales	1413	1491	1666	1800	1850	1750	-5.4%
Average Sales Price	87,675 \$	89,065 \$	92,428 \$	100,000 \$	103,000 \$	105,000 \$	1.9%

\* Forecast

# Saint John CMA

## Employment growth to support housing demand

Saint John's economy has never been as diversified as it is now. Growth in the finance, insurance, public administration, construction and service sectors boosted employment to 64,400 at the end of September, a new record high. This represents an increase of 4,600 jobs when compared to last year. At the end of September, full-time jobs had increased by 3,500 to a record high of 54,400, while part-time jobs rose by 1,100 to 10,400. Furthermore, potential major projects such as the Point Lebreau refurbishment, Irving LNG plant and Coleson Cove power plant conversion would also provide major stimulus to the labour market and economic growth. When combined with strong consumer confidence and low mortgage rates, the housing sector is poised for a good year for 2003.



## Housing starts to maintain upward trend again next year

Our forecast indicates that total housing starts will reach 400, 460 and 500 units in 2002, 2003 and 2004 respectively. Single starts will increase over the next two years, maintaining an upward trend which began in 1997. Construction activity will remain strong in the Valley and in Quispamsis in particular. Migration data clearly shows that the majority of people leaving Saint John County over the last few years simply moved to Kings County.

Multiple starts are expected to bounce back over the forecast period. The level of construction activity has been extremely

weak and Saint John is in greater need of newer rental stock. The scarcity of old warehouses available for conversion, urbanization, an aging population and tight resale market conditions are all factors which will stimulate multiple starts over the forecast period. The current high vacancy rate in Saint John is due to a higher ratio of older rental stock. With new rental units expected over the next few years, expect more empty nesters and seniors to list their homes for sale and move in to these new lower maintenance units. As a result, existing homes available for sale should rise and realtors can expect to remain busy in 2003.

## FORECAST SUMMARY Saint John CMA

	1999	2000	2001	2002*	2003*	2004*	% Change
<b>NEW HOME MARKET</b>							
Total Starts	296	346	374	400	460	500	8.7%
Singles-detached	255	309	322	335	350	365	4.3%
Mini Homes	--	0	3	5	10	10	0.0%
Multiples	41	37	49	60	100	125	25.0%
Avg New Home Price	140,084 \$	146,000 \$	148,000 \$	152,000 \$	156,000 \$	156,000 \$	0.0%
Vacancy Rate	5.2%	3.4%	5.6%	6.0%	6.5%	6.5%	
<b>RESALE MARKET</b>							
MLS® Sales	1530	1484	1510	1525	1550	1600	3.2%
Average Sales Price	88,731 \$	93,697 \$	97,348 \$	104,000 \$	105,000 \$	102,500 \$	-2.4%

\* Forecast

**Housing Now** is published 4 times a year for the New Brunswick market. **Forecast Summary** is included in the first and third quarter editions. Annual subscriptions to the **Housing Now** for New Brunswick are \$55.00 plus applicable taxes. This publication is also available in French. For more information, or to subscribe, contact Sandra Slaunwhite at the Atlantic Business Centre at (902) 426-4708. Order no. 2086

Ce document est disponible en français. Veuillez communiquer avec Sandra Slaunwhite au Centre d'affaires de l'Atlantique au (902) 426-4708.

© 2002 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission of Canada

Mortgage and Housing Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The information, analyses and opinions contained in this

publication are based on various sources believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibilities.

