HOUSING NOW London

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Canada Mortgage and Housing Corporation

ISSUE 19
SECOND QUARTER 2003

New Homes

2nd Quarter housing starts cannot match robust pace set in 2002

In a refrain likely to be repeated in the second half, single-detached new home starts in the London CMA (census metropolitan area) were down 18 per cent in the 2nd quarter with 534 singles underway compared to 652 units in Q2: 2002. The good news is that the level of production in Q2: 2003 is substantially higher than the average of 391 single units started between 1997-2001.

And because of the uptick in private rental apartment starts, total housing starts of 1,413 units during the first six-months of 2003 was 4 per cent ahead of last year. Several more rental apartment projects will start in the 2nd half of 2003, providing a further boost to total starts.

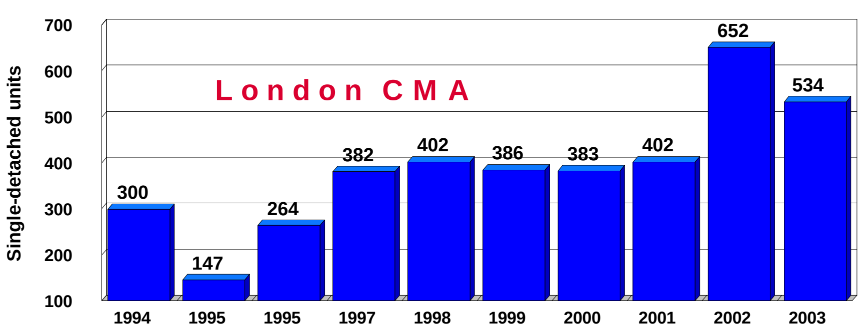
More apartment construction cranes to dot horizon in the 2nd half of 2003

Historically low mortgage rates and solid local employment has stimulated sales of existing homes. Tighter supply and strong demand in the London & St. Thomas Real Estate Board territory combined to push the average MLS* residential sales price up 7.4 per cent, from $143,579 in Q2:2002 to $154,211 in Q2:2003. An active resale market in the face of declining inventory has positive spill over impacts on new home ownership demand.

IN THIS ISSUE

Northeast London was the location of 150 of the 601 single-detached new homes started in the first half of 2003. More than one quarter of the 277 singles completed and sold in London City during the second quarter were priced at or above $250,000 with an average price of more than $233,000.

Single starts strong in 2nd quarter but lower than robust level set in 2002



Source: CMHC, 2nd quarter single starts 1994-2003

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FACT SHEET

Statistics Canada's Release of 2001 Census Household Income and Housing Cost Data

Introduction

On May 13, 2003 Statistics Canada focused its 8th and final release from the 2001 Census of Population on the income and religious characteristics of individuals and families. This Fact Sheet provides an overview of the housing data release prepared by CMHC's Housing Indicators and Demographics team in the Policy and Research Division (PRD).

CMHC's Findings from the Data Released

To assess the 2001 Census housing data released by Statistics Canada, PRD compared the data to counts generated from its *Housing In Canada* electronic data base. When this exercise was done, the following key findings were observed:

According to the 2001 Census of Canada, proportionately fewer households were spending 30 per cent or more of their incomes on shelter in 2001 than in 1996, partially reversing developments during the first half of the 1990s. In the late 1990s, employment and income growth strengthened, and mortgage rates fell.

- In Canada, households that spend 30 per cent or more of their before-tax incomes on shelter are widely considered as spending more than the accepted norm.
- In 2001, the proportion of households spending 30% or more of their incomes on shelter fell to 21 per cent (22.3% in London CMA) from 22 per cent (24.4%) in 1996. In 1991, the proportion was 20 per cent (20.2%).
- At 14 per cent (13.2%), the percentage of owner households unable to meet the 30 per cent (14.3% and 12.7%) norm was unchanged in Canada from 1996 and 1991. Thirty-five per cent (38.9%) of renter households devoted 30 per cent or more of their incomes to shelter in 2001, down from 37 per cent (40.5%) in 1996. In 1991, the proportion was 31 per cent (30.9% or 22,695 households in the London CMA).

Some areas of the country followed the national trend (to varying degrees), while others did not:

- The decline in the proportion of households spending 30 per cent or more of their incomes on shelter was particularly pronounced in Quebec and the Yukon and was also apparent to a lesser degree in Ontario. Declines tended to be larger for renters than for owners.
- By contrast, in Newfoundland, Saskatchewan, and the Northwest Territories, households of all tenures were more likely to be spending 30 per cent or more of their incomes on shelter in 2001 than in 1996.
- In the remaining provinces, the proportion of households spending more than the accepted norm was largely unchanged from 1996. In one respect, however, these provinces did follow the national pattern: renters were less likely to be spending more than the norm in 2001 than in 1996.
- Among Census Metropolitan Areas, the proportion of households spending 30 per cent or more of their incomes on shelter either fell or was stable between 1996 and 2001, with the exception of Regina, Saskatoon, and Thunder Bay.

Spending more than the accepted norm was highly correlated with income:

- In 2001, 83 per cent of households with incomes of under $10,000 spent 30 per cent or more of their incomes on shelter. The comparable figure for households with incomes of $50,000 to $59,999 was 9 per cent, and for those with incomes of $100,000 or more, 1 per cent.

Availability of 2001 Core Housing Need Estimates

It is important to note that the above data measure households spending 30 per cent or more of income regardless of necessity. Many households may be spending more than the norm voluntarily. Statistics Canada is now preparing CMHC's estimates of core housing need, which will identify only those households spending more than the norm out of necessity, in other words those in need. CMHC will validate the estimates as soon as they are readied by Statistics Canada and will likely be in a position to begin releasing them by November of this year.

Questions

For further information on 2001Census housing data, please contact:

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Table 1: Starts by Area and by Intended Market
London Census Metropolitan Area (CMA)

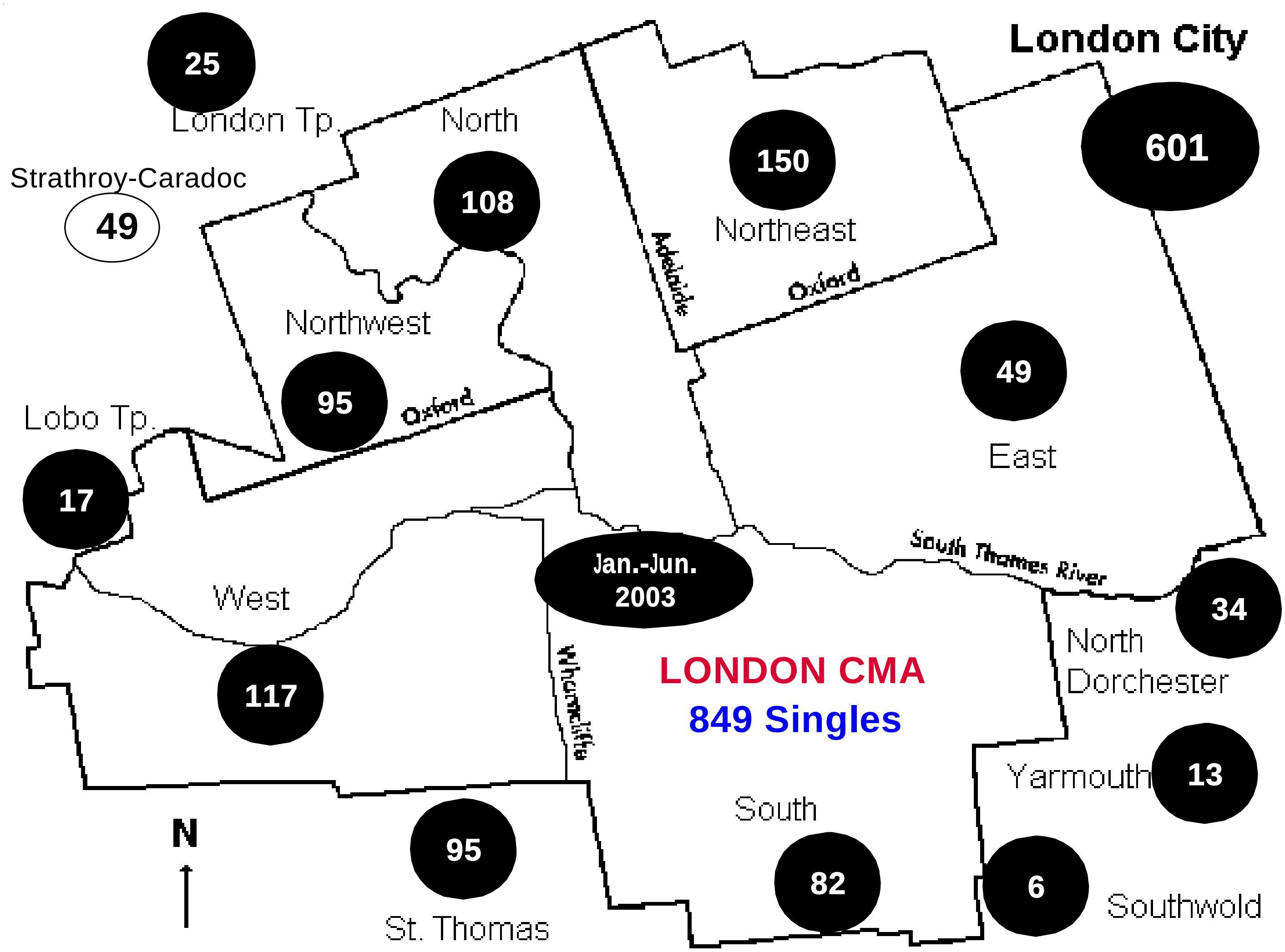
	Ownership							Rental		Total
	Single-detached units			Freehold		Condominium		Private		
	Freehold	Condo	All	Semi	Row	Semi	Row	Row	Apt.	
LONDON CMA										
Second Quarter 2003	510	24	534	2	14	0	53	0	156	759
Second Quarter 2002	627	25	652	6	13	2	75	9	236	993
Jan-June 2003	816	33	849	4	31	0	72	0	457	1,413
Jan-June 2002	949	38	987	6	19	2	98	9	236	1,357
London City										
Second Quarter 2003	352	14	366	0	14	0	43	0	156	579
Second Quarter 2002	419	20	439	6	13	2	72	9	236	777
Jan-June 2003	580	21	601	2	31	0	62	0	457	1,153
Jan-June 2002	645	32	677	6	19	2	90	9	236	1,039
St. Thomas City										
Second Quarter 2003	48	10	58	0	0	0	0	0	0	58
Second Quarter 2002	60	5	65	0	0	0	0	0	0	65
Jan-June 2003	83	12	95	0	0	0	0	0	0	95
Jan-June 2002	101	6	107	0	0	0	5	0	0	112
Central Elgin										
Second Quarter 2003	10	0	10	0	0	0	3	0	0	13
Second Quarter 2002	28	0	28	0	0	0	0	0	0	28
Jan-June 2003	14	0	14	0	0	0	3	0	0	17
Jan-June 2002	36	0	36	0	0	0	0	0	0	36
Middlesex Centre										
Second Quarter 2003	30	0	30	0	0	0	7	0	0	37
Second Quarter 2002	36	0	36	0	0	0	3	0	0	39
Jan-June 2003	49	0	49	0	0	0	7	0	0	56
Jan-June 2002	56	0	56	0	0	0	3	0	0	59
Southwold Township										
Second Quarter 2003	5	0	5	0	0	0	0	0	0	5
Second Quarter 2002	8	0	8	0	0	0	0	0	0	8
Jan-June 2003	6	0	6	0	0	0	0	0	0	6
Jan-June 2002	9	0	9	0	0	0	0	0	0	9
Strathroy-Caradoc Township										
Second Quarter 2003	38	0	38	2	0	0	0	0	0	40
Second Quarter 2002	47	0	47	0	0	0	0	0	0	47
Jan-June 2003	49	0	49	2	0	0	0	0	0	51
Jan-June 2002	59	0	59	0	0	0	0	0	0	59
Thames Centre										0
Second Quarter 2003	27	0	27	0	0	0	0	0	0	27
Second Quarter 2002	29	0	29	0	0	0	0	0	0	29
Jan-June 2003	35	0	35	0	0	0	0	0	0	35
Jan-June 2002	43	0	43	0	0	0	0	0	0	43

Source: CMHC

Note: Municipal amalgamations resulted in the creation of the Municipality of Central Elgin (formerly Belmont, Port Stanley and Yarmouth Township); the Municipality of Thames Centre (formerly the Townships of North Dorchester and West Nissouri); and, the Township of Middlesex Centre (formerly the Townships of Delaware, Lobo, and London). The amalgamated centre of Strathroy-Caradoc Township was first surveyed as component of the London Census Metropolitan Area (CMA) in 2002. Change to the composition of the London CMA was based on the results of the 2001 Census of Canada.

WHERE'S THE HAMMERING BY SUB-MARKET

London City was the location of 7 of every 10 single-detached homes started during the first half of 2003 in the London metropolitan area



Sub-markets not shown on the map (Belmont-1, Delaware-7 Port Stanley-0, West Nissouri-1) accounted for 9 of the 849 single-detached units that were started in the London CMA (census metropolitan area) during the 1st half of 2003.

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Table 2: Housing Activity Summary
London Census Metropolitan Area (CMA)

	Ownership								Private		Total
	Single-detached units			Freehold		Condominium			Rental		
	Freehold	Condo	All	Semi	Row	Semi	Row	Apt.	Row	Apt.	
1. STARTS											
Second Quarter 2003	510	24	534	2	14	0	53	0	0	156	759
Second Quarter 2002	627	25	652	6	13	2	75	0	9	236	993
% Change	-19%	-4%	-18%	-67%	8%	-100%	-29%	NA	-100%	-34%	-24%
Jan-June 2003	816	33	849	4	31	0	72	0	0	457	1,413
Jan-June 2002	949	38	987	6	19	2	98	0	9	236	1,357
% Change	-14%	-13%	-14%	-33%	63%	-100%	-27%	NA	-100%	94%	4%
2. UNDER CONSTRUCTION											
June 2003	591	27	618	8	38	0	168	0	0	733	1,565
June 2002	658	40	698	4	16	6	132	0	12	236	1,104
3. COMPLETIONS											
Second Quarter 2003	377	28	405	0	6	2	52	0	0	22	487
Second Quarter 2002	386	17	403	6	3	0	27	0	0	48	487
% Change	-2%	65%	0%	-100%	100%	NA	93%	NA	NA	-54%	0%
Jan-June 2003	707	42	749	8	15	2	118	0	0	22	914
Jan-June 2002	683	30	713	8	6	0	56	0	14	50	847
% Change	4%	40%	5%	0%	150%	NA	111%	NA	-100%	-56%	8%
4. COMPLETED & NOT ABSORBED											
June 2003	63	6	69	1	6	0	45	0	0	1	122
June 2002	89	10	99	0	2	3	49	0	1	31	185
5. TOTAL SUPPLY: 2. + 4.											
June 2003	654	33	687	9	44	0	213	0	0	734	1,687
June 2002	747	50	797	4	18	9	181	0	13	267	1,289
6. ABSORPTIONS											
Jan-June 2003	708	37	745	7	13	2	117	0	0	26	910
Jan-June 2002	678	29	707	8	9	0	98	0	18	83	923
June 2003	153	10	163	0	8	0	51	0	0	22	244
Previous 3-month Average	116	8	124	0	1	1	9	0	0	1	136
Previous 12-month Average	152	7	159	1	2	1	13	0	2	7	185

Source: CMHC

Definitions

1. Starts: refers to units where construction has advanced to a stage where full (100%) footings are in place. For multiple dwellings (semi-detached, row housing and apartments) the definition of a start applies to the structure or block of row units rather than to the project as a whole.

2. Under Construction: those units which have been started but which are not complete.

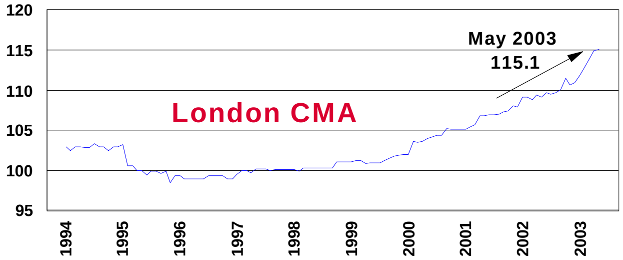
3. Completions - Single-detached/semi-detached units: this generally is the stage at which all proposed construction work is complete. A unit may be completed at the 90% stage where the remaining work is largely cosmetic. **Row housing/ Apartment:** completions means that 90% or more of the dwelling units within a block of row units or an apartment structure are completed and ready for occupancy

4. Completed and Not Absorbed: all completed units of new construction (excluding model homes not available for sale) which have never been sold or leased.

5.Total Supply: refers to the number of units under construction at month end plus the number of units completed in the current month or previous months that have not been leased or sold (excludes model homes not available for sale).

6. Absorptions: the number of completed units (excluding model homes) that have been sold or leased.

Year-over- year new home price index up 5.5% in May



Source: Statistics Canada, January 1994 - May 2003

New Home prices on the rise

Statistics Canada's New Housing Price Index for the London CMA indicated that prices in May 2003 were 5.5% above last year. Excluding the land component, the House price was up 7.4% in May compared to the same month last year.

In addition to the rising cost of housing, lower mortgage rates have enabled potential buyers to purchase 'more house'. This has resulted in an increasing proportion of sales in higher price ranges. In the 2nd quarter, less than 10% of new singles sold in the London CMA were priced less than $150,000 while 26% sold for $250,000+.

Table 3: Absorbed (Completed and Sold) Single-detached units by Price Range London Census Metropolitan Area (CMA)

	Annual 2002		1st Quarter 2003		2nd Quarter 2003	
	Units	Percent	Units	Percent	Units	Percent
London CMA						
<$130,000	49	2.6%	3	0.9%	9	2.2%
$130 to $149,999	221	11.7%	30	8.7%	28	7.0%
$150 to $174,999	367	19.4%	75	21.8%	51	12.7%
$175 to $189,999	193	10.2%	51	14.8%	52	13.0%
$190 to $219,999	382	20.1%	55	16.0%	106	26.4%
$220 to $249,999	250	13.2%	49	14.2%	51	12.7%
$250 to $299,999	249	13.1%	50	14.5%	56	14.0%
$300,000+	185	9.8%	31	9.0%	48	12.0%
Total	**1,896**	**100.0%**	**344**	**100.0%**	**401**	**100.0%**
Median Price		$197,000		$200,000		$205,000
Average Price		$212,835		$224,652		$227,428
London City						
<$130,000	22	1.7%	1	0.4%	5	1.8%
$130 to $149,999	129	10.1%	18	7.8%	20	7.2%
$150 to $174,999	223	17.4%	41	17.7%	30	10.8%
$175 to $189,999	136	10.6%	37	15.9%	37	13.4%
$190 to $219,999	246	19.2%	32	13.8%	76	27.4%
$220 to $249,999	178	13.9%	38	16.4%	30	10.8%
$250 to $299,999	199	15.5%	40	17.2%	44	15.9%
$300,000+	148	11.6%	25	10.8%	35	12.6%
Total	**1,281**	**100.0%**	**232**	**100.0%**	**277**	**100.0%**
Median Price		$202,360		$209,700		$206,000
Average Price		$220,386		$237,007		$233,329
St. Thomas						
<$130,000	18	7.7%	1	3.0%	3	5.5%
$130 to $149,999	46	19.7%	3	9.1%	8	14.5%
$150 to $174,999	65	27.8%	12	36.4%	12	21.8%
$175 to $189,999	26	11.1%	8	24.2%	9	16.4%
$190 to $219,999	41	17.5%	6	18.2%	12	21.8%
$220 to $249,999	18	7.7%	2	6.1%	3	5.5%
$250 to $299,999	10	4.3%	0	0.0%	4	7.3%
$300,000+	10	4.3%	1	3.0%	4	7.3%
Total	**234**	**100.0%**	**33**	**100.0%**	**55**	**100.0%**
Median Price		$169,500		$175,000		$176,000
Average Price		$179,787		$177,636		$192,002

Source: CMHC

MLS* Resale Activity - Actual and Seasonally Adjusted (SA)

Month	Number of Sales	% Change	Sales SA	New Listings	2002 SA New Listings	SA Sales/SA New Listings	Active Listings	SA Active Listings	Average Price
January	501	46.9%	770	1,120	1,070	72.0%	2,578	2,940	$131,581
February	703	32.1%	720	1,079	1,040	69.7%	2,742	2,840	$141,275
March	763	14.2%	670	1,128	970	69.4%	2,762	2,700	$136,800
April	931	28.9%	730	1,376	1,100	66.1%	2,969	2,680	$141,743
May	852	3.9%	650	1,246	990	65.8%	2,959	2,630	$147,046
June	779	0.4%	630	1,062	960	65.5%	2,775	2,470	$141,981
July	746	10.2%	660	1,125	1,050	63.3%	2,700	2,530	$142,701
August	695	3.3%	660	981	1,020	65.3%	2,533	2,490	$141,702
September	591	5.9%	660	935	1,010	65.2%	2,356	2,320	$144,654
October	601	4.3%	670	1,017	1,160	57.5%	2,347	2,540	$143,401
November	558	3.9%	680	740	940	72.4%	2,189	2,340	$141,022
December	379	-11.2%	630	474	970	64.6%	1,753	2,170	$145,410
1st Quarter	1,967	27.6%							$137,070
2nd Quarter	2,562	10.5%							$143,579
3rd Quarter	2,032	6.5%							$142,927
4th Quarter	1,538	0.1%							$143,033
Total 2002	**8,099**	**10.8%**							**$141,731**
Total 2002**	**8,097**								**$142,106**

Month	Number of Sales	% Change	Sales SA	New Listings	2003 SA New Listings	SA Sales/SA New Listings	Active Listings	SA Active Listings	Average Price
January	479	-4.4%	730	963	910	80.0%	1,964	2,240	$144,916
February	619	-11.9%	630	961	930	68.4%	2,101	2,180	$148,644
March	722	-5.4%	640	1,172	1,010	63.5%	2,214	2,160	$152,399
April	876	-5.9%	680	1,234	990	68.7%	2,343	2,120	$150,473
May	837	-1.8%	640	1,316	1,040	61.5%	2,526	2,240	$155,483
June	835	7.2%	680	1,092	990	68.4%	2,341	2,080	$156,857
July									
August									
September									
October									
November									
December									
1st Quarter	1,820	-7.5%							$149,159
2nd Quarter	2,548	-0.5%							$154,211
1st Half	4,368	-3.6%							$152,106

*Multiple Listing Service (MLS) is a registered certification mark owned by The Canadian Real Estate Association.
** Year end adjusted figures reported by the London & St. Thomas Real Estate Board.
Notes: Active listings are as at month end.
Individual unit sales of condominium apartments and row houses are included in the residential sales figures shown above.
Residential Other e.g., sales of apartment buildings or townhouse projects are not included in the above numbers.
Source: LSTREB/ CMHC

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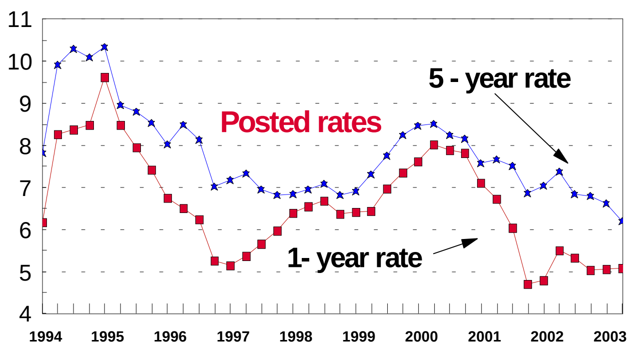
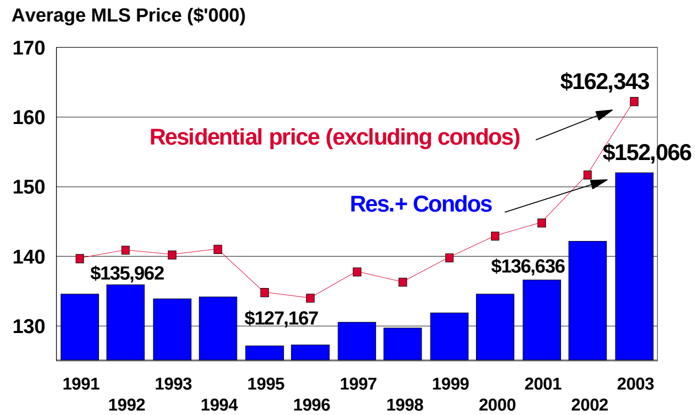
Economic and Price Indicators

Low mortgage rates boost Housing Sales & Prices



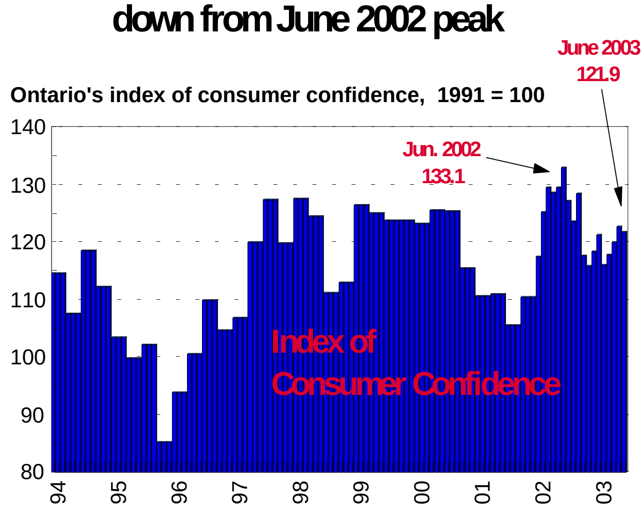
Source: CMHC / Bank of Canada, 1994:Q1 to 2003:Q2

Resale home prices on the rise



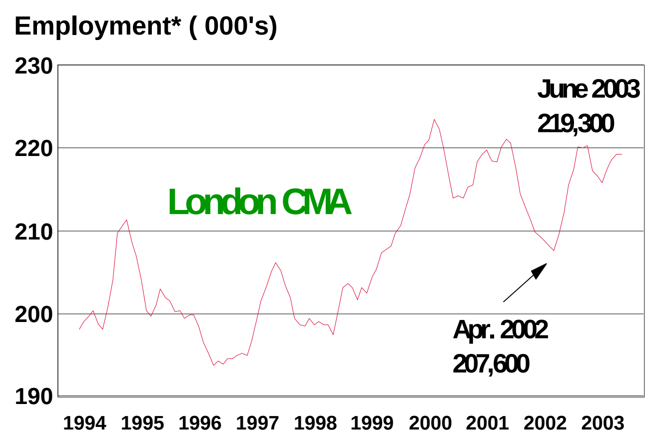
Source: LSTREB /CMHC, Annual 1991-2002, Jan-Jun 2003

Consumer confidence still solid but down from June 2002 peak



Source: The Conference Board of Canada, Jan. 1994 - June 2003

Employment up 7,100 year-over-year



* seasonally-adjusted 3-month moving avg. ending June, 2003
Source: Statistics Canada, Labour Force Survey

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