

H

OUSING NOW

London

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Canada Mortgage and Housing Corporation

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New Homes

Strong 4th Quarter ensures record single starts

A record 2,336 single-detached homes were started in the London metro region in 2004, a 23% increase over 2003. This eclipsed the previous high of 2,117 units set in 1989. Following the 1989 record performance, starts fell off sharply. Mortgage rates increased from 11.75% to 14.25% and the economy entered a prolonged period of weakness. This is not expected to be repeated in 2005. Instead, we should have moderate economic growth and financing costs are anticipated to edge up only slightly during the next 12 months.

In 2004, London issued building permits for residential, commercial,

institutional and industrial projects valued at \$647-million (graph page 7), breaking the record set in 2002. Investment spending in the London area helped push job levels to record highs as well.

Total housing starts topped the 3,000 unit mark for the second consecutive year with 3,078 units, a 1.7 per cent increase. Rental apartment starts had surged to 837 units in 2003 (highest level since 1993) but dropped sharply to 333 units in 2004. The apartment vacancy rate according to CMHC's Annual October Rental Market Survey increased from 2.1% in 2003 to 3.7% in 2004 and is forecast to surpass four per cent in 2005 as more new supply comes on-stream.

ISSUE 25
FOURTH QUARTER 2004

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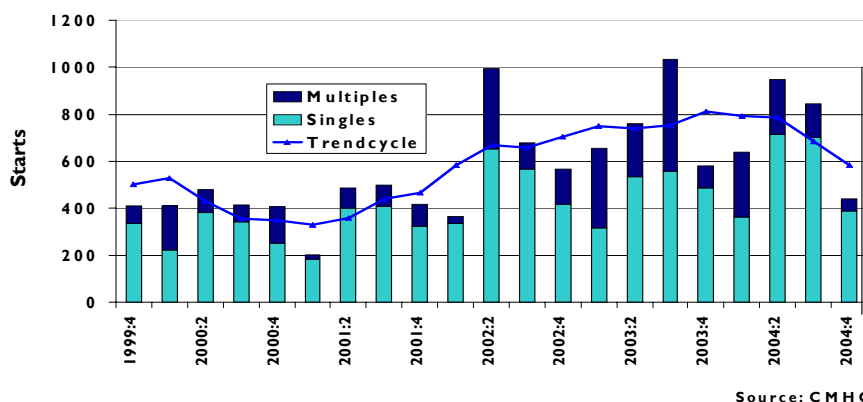
- 7 Record investment spending yields employment rise

The Availability rate, a new measure which also includes units where notice has been given was 5.9%.

Home ownership demand, including row housing was the key to the strong performance of new home construction in 2004. This was also evident in St. Thomas, the 2nd largest market in London metro where 305 singles were started, erasing the 30-year record of 294 units in 1973.

Northeast London took first place for the 3rd consecutive year with 464 single-detached starts. London City accounted for 70.8% of singles started in London metro. The average sale price approached \$250,000 with almost one in five homes priced at or above \$300,000.

London CMA Housing Starts



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WHERE'S THE HAMMERING BY SUB-MARKET

London metro record set in 2004 for single-detached housing starts

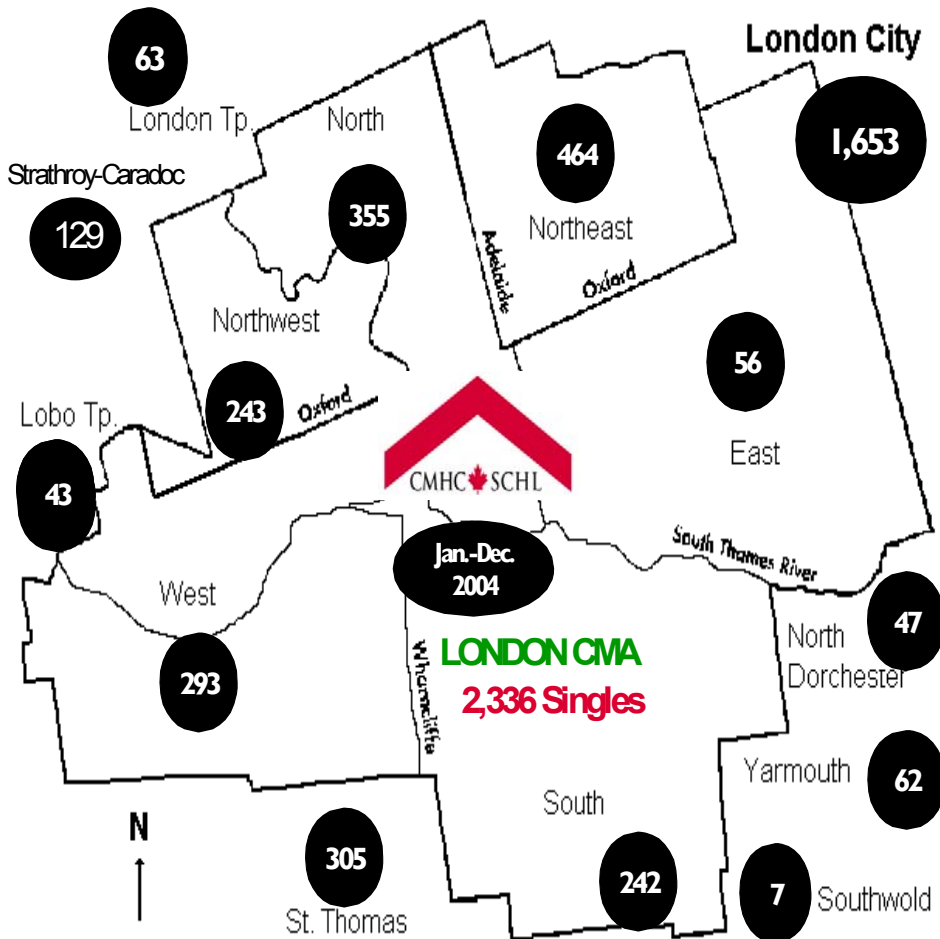
The map shows the location of single-detached new home starts in the City of London and the surrounding markets which make up London CMA (census metropolitan area).

71% of the 2,336 single starts were in London (1,653 units); 13% in St. Thomas (305 units). Not shown on the map: 12 units in Port Stanley; 11 units in Delaware; and, 4 units in W. Nissouri.

MLS Sales top 9,000 in 2004 - a new high

Lower mortgage rates prevailed in 2004 than forecast with rates hitting their low point during the peak spring market. Continuing strong home owner affordability; rising prices; and, high employment levels combined to produce MLS home sales in the London & St. Thomas Real Estate of 9,238 units up 9.8%. This extended the record sales streak to four consecutive years.

Strong sales activity prompted more people to list their homes, the first time this has occurred since 1997. However, record sales kept the sales to new listings ratio at 65%, an indicator of a Sellers' market. The average price rose 8.9% to \$167,344. During the past five years the average home price has risen \$36,000.



Source: CMHC

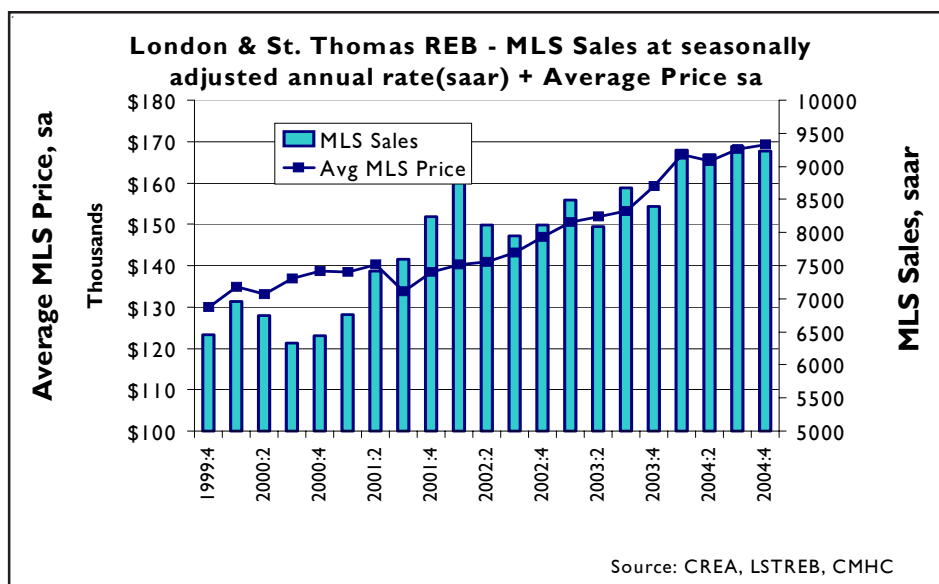


Table I: Housing Activity Summary for London CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
STARTS								
Q4 2004	560	6	0	66	0	8	2	642
Q4 2003	486	2	6	71	0	15	0	580
% Change	15.2	200.0	-100.0	-7.0	NA	-46.7	NA	10.7
Year-to-date 2004	2,336	26	12	216	80	75	333	3,078
Year-to-date 2003	1,893	22	41	195	0	39	837	3,027
% Change	23.4	18.2	-70.7	10.8	NA	92.3	-60.2	1.7
UNDER CONSTRUCTION								
December 2004	689	20	12	184	80	22	558	1,565
December 2003	596	16	34	187	0	39	1,041	1,913
COMPLETIONS								
Q4 2004	701	4	0	49	0	17	160	931
Q4 2003	525	8	7	60	0	0	0	600
% Change	33.5	-50.0	-100.0	-18.3	NA	NA	NA	55.2
Year-to-date 2004	2,243	22	34	213	0	92	834	3,438
Year-to-date 2003	1,812	20	28	218	0	0	94	2,172
% Change	23.8	10.0	21.4	-2.3	NA	NA	**	58.3
COMPLETE & NOT ABSORBED								
December 2004	104	0	0	53	0	12	285	454
December 2003	58	0	5	36	0	0	1	100
ABSORPTIONS								
Q4 2004	666	4	0	32	0	30	127	859
Q4 2003	502	8	7	42	0	0	0	559
% Change	32.7	-50.0	-100.0	-23.8	NA	NA	NA	53.7
Year-to-date 2004	2,212	22	39	196	0	80	550	3,099
Year-to-date 2003	1,801	20	27	226	0	0	98	2,172
% Change	22.8	10.0	44.4	-13.3	NA	NA	**	42.7

* Includes all market types

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

Source: CMHC

Save on Home Energy Costs

Effective November 18, 2004 CMHC will offer a 10% refund on its mortgage loan insurance premium when a borrower buys or builds an energy-efficient home or makes energy-saving renovations to an existing home. Multi-residential buildings are also eligible.

Call CMHC @1-800-668-2642

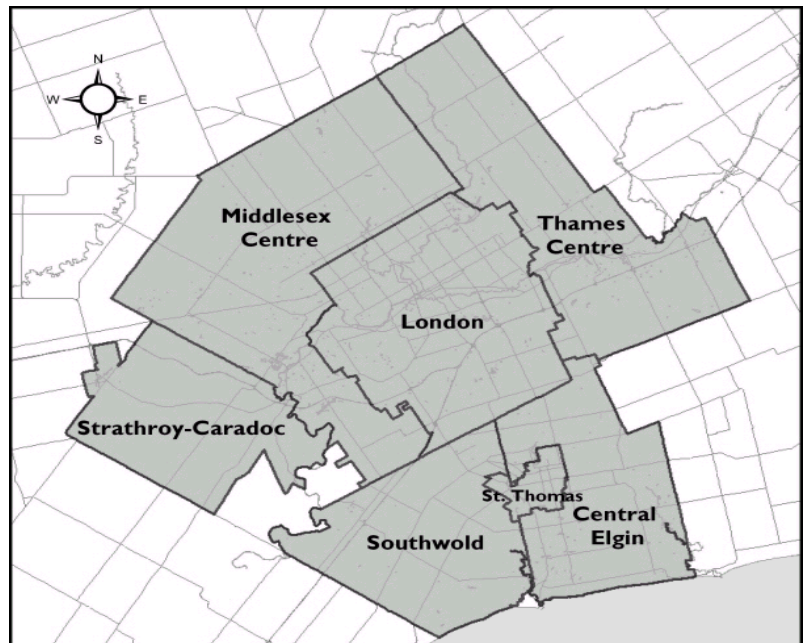


Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q4 2003	Q4 2004	% change	Q4 2003	Q4 2004	% change	Q4 2003	Q4 2004	% change
London CMA	486	560	15.2	94	82	-12.8	580	642	10.7
London City	339	394	16.2	94	73	-22.3	433	467	7.9
St. Thomas City	67	82	22.4	0	0	NA	67	82	22.4
Central Elgin	18	20	11.1	0	0	NA	18	20	11.1
Middlesex Centre	21	32	52.4	0	0	NA	21	32	52.4
Southwold Twp.	6	2	-66.7	0	0	NA	6	2	-66.7
Strathroy-Caradoc Twp.	15	26	73.3	0	0	NA	15	26	73.3
Thames Centre	20	4	-80.0	0	9	NA	20	13	-35.0

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

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2003	YTD 2004	% change	YTD 2003	YTD 2004	% change	YTD 2003	YTD 2004	% change
London CMA	1,893	2,336	23.4	1,134	742	-34.6	3,027	3,078	1.7
London City	1,326	1,653	24.7	1,112	698	-37.2	2,438	2,351	-3.6
St. Thomas City	234	305	30.3	0	6	NA	234	311	32.9
Central Elgin	43	74	72.1	10	0	-100.0	53	74	39.6
Middlesex Centre	101	117	15.8	8	2	-75.0	109	119	9.2
Southwold Twp.	19	7	-63.2	0	0	NA	19	7	-63.2
Strathroy-Caradoc Twp.	90	129	43.3	4	14	**	94	143	52.1
Thames Centre	80	51	-36.3	0	22	NA	80	73	-8.8

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

Sub Market Area	Q4 2003	Q4 2004	% Change	YTD 2003	YTD 2004	% Change
London CMA	236,247	260,281	10.2	231,237	246,948	6.8
London City	248,022	268,765	8.4	240,688	253,763	5.4
St. Thomas City	195,494	205,785	5.3	188,247	188,298	0.0
Central Elgin	205,846	233,350	13.4	216,563	243,302	12.3
Middlesex Centre	264,118	310,723	17.6	261,960	291,862	11.4
Southwold Twp.	260,000	303,750	4	224,522	294,000	30.9
Strathroy-Caradoc Twp.	203,179	253,273	24.7	182,959	215,868	18.0
Thames Centre	245,794	284,000	15.5	244,837	316,086	29.1

Note: NA may appear where CMHC data suppression rules apply

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. The change in the components of the London CMA were based on results from Statistics Canada - 2001 Census of Canada.

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

AREA	PRICE RANGES										
	<\$150,000		\$150-\$174,999		\$175-\$249,999		\$250-\$299,999		\$300,000+		TOTAL
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
London CMA											
Q4 2004	13	2.0	55	8.3	339	51.1	91	13.7	165	24.9	663
Q4 2003	34	6.8	83	16.5	223	44.4	79	15.7	83	16.5	502
YTD 2004	68	3.1	285	13.0	1,085	49.5	339	15.5	416	19.0	2,193
YTD 2003	144	8.0	301	16.7	838	46.5	267	14.8	251	13.9	1,801
London City											
Q4 2004	1	0.2	30	6.4	248	52.7	59	12.5	133	28.2	471
Q4 2003	18	5.4	47	14.0	141	42.0	63	18.8	67	19.9	336
YTD 2004	11	0.7	173	11.2	790	51.1	245	15.8	327	21.2	1,546
YTD 2003	86	6.8	179	14.2	577	45.9	212	16.9	204	16.2	1,258
St. Thomas City											
Q4 2004	11	11.6	20	21.1	52	54.7	5	5.3	7	7.4	95
Q4 2003	11	13.1	22	26.2	42	50.0	6	7.1	3	3.6	84
YTD 2004	46	15.6	84	28.5	144	48.8	13	4.4	8	2.7	295
YTD 2003	37	16.7	62	28.1	101	45.7	12	5.4	9	4.1	221
Central Elgin											
Q4 2004	0	0.0	1	5.0	13	65.0	4	20.0	2	10.0	20
Q4 2003	0	0.0	3	23.1	8	61.5	1	7.7	1	7.7	13
YTD 2004	0	0.0	6	11.3	27	50.9	9	17.0	11	20.8	53
YTD 2003	0	0.0	3	9.4	22	68.8	5	15.6	2	6.3	32
Middlesex Centre											
Q4 2004	1	3.2	0	0.0	7	22.6	11	35.5	12	38.7	31
Q4 2003	0	0.0	0	0.0	10	58.8	3	17.6	4	23.5	17
YTD 2004	1	0.9	1	0.9	33	31.1	32	30.2	39	36.8	106
YTD 2003	0	0.0	1	1.2	48	55.8	19	22.1	18	20.9	86
Southwold Twp.											
Q4 2004	0	0.0	0	0.0	0	0.0	1	25.0	3	75.0	4
Q4 2003	2	33.3	1	16.7	0	0.0	0	0.0	3	50.0	6
YTD 2004	0	0.0	2	20.0	0	0.0	2	20.0	6	60.0	10
YTD 2003	9	39.1	5	21.7	3	13.0	0	0.0	6	26.1	23
Strathroy-Caradoc Twp.											
Q4 2004	0	0.0	4	12.1	14	42.4	9	27.3	6	18.2	33
Q4 2003	3	10.7	7	25.0	13	46.4	3	10.7	2	7.1	28
YTD 2004	10	9.2	19	17.4	55	50.5	17	15.6	8	7.3	109
YTD 2003	12	10.8	46	41.4	45	40.5	4	3.6	4	3.6	111
Thames Centre											
Q4 2004	0	0.0	0	0.0	5	55.6	2	22.2	2	22.2	9
Q4 2003	0	0.0	3	16.7	9	50.0	3	16.7	3	16.7	18
YTD 2004	0	0.0	0	0.0	36	48.6	21	28.4	17	23.0	74
YTD 2003	0	0.0	5	7.1	42	60.0	15	21.4	8	11.4	70

Note: N/A may appear where CMHC data suppression rules apply.

Source: CMHC

Table 5: Resale Housing Activity for London & St. Thomas Real Estate Board

		Number of Sales	Yr/Yr %	Sales SAAR	Number of New Listings	New Listings SAAR	Sales-to-New Listings SA	Average Price (\$)	Yr/Yr %	Average Price (\$) SA
2003	January	504	-1.8	9,500	1,013	12,200	78.3	147,527	10.8	148,641
	February	641	-12.4	8,000	1,020	12,100	65.8	148,486	1.9	149,873
	March	749	-3.9	8,000	1,242	12,700	62.8	153,924	12.1	153,336
	April	888	-7.1	8,000	1,303	12,200	65.2	150,488	5.8	149,978
	May	859	-1.5	7,900	1,378	13,100	60.1	156,732	6.3	151,537
	June	853	9.5	8,400	1,153	12,500	67.4	156,328	10.1	153,573
	July	920	21.2	9,100	1,350	14,300	64.0	153,509	5.9	149,298
	August	700	-1.4	8,300	970	12,800	65.2	155,500	9.6	156,669
	September	694	14.7	8,600	1,142	13,300	64.4	153,267	5.3	153,812
	October	644	4.4	8,500	934	12,600	67.4	156,331	8.3	158,412
	November	556	-3.6	8,400	773	12,800	65.6	151,770	7.5	157,588
	December	404	3.3	8,300	567	13,600	61.0	159,529	9.5	161,540
2004	January	443	-12.1	8,500	1,010	12,600	67.7	167,090	13.3	168,066
	February	701	9.4	8,900	1,024	12,400	71.2	163,715	10.3	166,069
	March	1,049	40.1	10,400	1,519	14,500	71.7	165,469	7.5	166,371
	April	963	8.4	9,100	1,517	14,500	62.8	169,899	12.9	167,428
	May	1,002	16.6	9,800	1,476	14,500	67.6	168,836	7.7	164,445
	June	921	8.0	8,600	1,433	15,100	57.2	164,097	5.0	163,548
	July	901	-2.1	9,500	1,327	14,600	65.1	170,651	11.2	164,862
	August	801	14.4	9,200	1,140	14,300	64.4	167,489	7.7	168,758
	September	712	2.6	9,200	1,192	14,600	62.5	170,580	11.3	170,747
	October	698	8.4	9,800	1,071	15,300	64.4	171,633	9.8	174,193
	November	639	14.9	9,000	947	14,500	62.5	163,030	7.4	169,281
	December	408	1.0	8,800	527	13,300	66.3	162,496	1.9	163,953
Q4 2003		1,604	1.2	8,400	2,274	13,000	64.6	155,556	8.4	159,164
Q4 2004		1,745	8.8	9,200	2,545	14,300	64.3	166,346	6.9	169,329
YTD 2003		8,412	1.5		12,845			153,637	7.6%	
YTD 2004		9,238	9.8		14,183			167,344	8.9%	

	Annual Sales	Yr/Yr %		Annual New Listings	Yr/Yr %		Annual Average Price (\$)	Yr/Yr %	
1994	5,954	-0.2		16,107	3.8		135,597	0.0	
1995	5,510	-7.5		15,843	-1.6		128,643	-5.1	
1996	6,906	25.3		16,421	3.6		129,338	0.5	
1997	6,454	-6.5		15,784	-3.9		131,382	1.6	
1998	6,562	1.7		15,258	-3.3		131,299	-0.1	
1999	6,864	4.6		13,661	-10.5		131,254	0.0	
2000	6,616	-3.6		13,598	-0.5		135,857	3.5	
2001	7,503	13.4		13,434	-1.2		137,717	1.4	
2002	8,290	10.5		12,907	-3.9		142,745	3.7	
2003	8,412	1.5		12,845	-0.5		153,637	7.6	

Source: Canadian Real Estate Association

Table 6: Economic Indicators

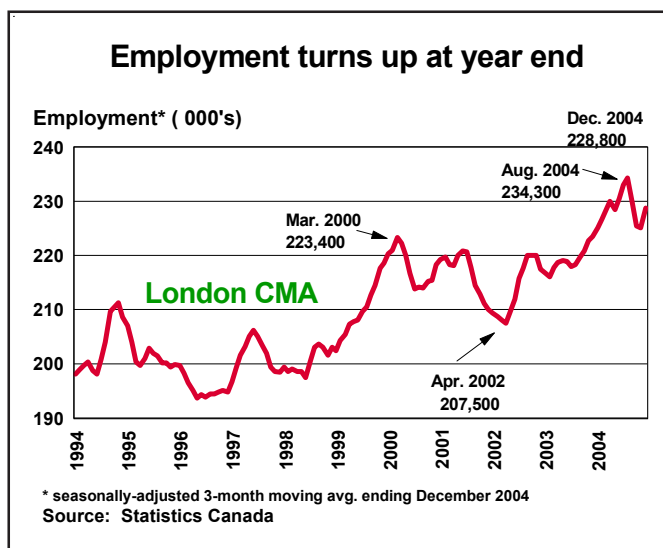
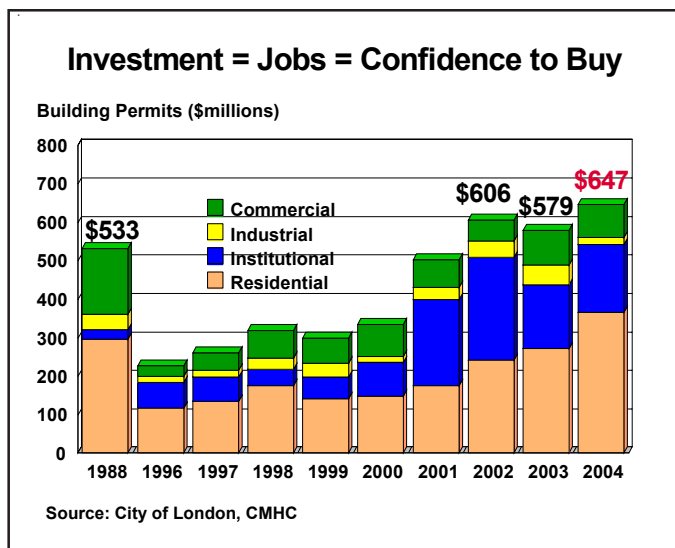
		Interest and Exchange Rates				Inflation Rate (%)	NHPI*** % chg.	London CMA Labour Market		
		P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)			Ontario 1996=100	London CMA 1997=100	Employment
			1 Yr. Term	5 Yr. Term		SA** (.000)	SA m/m (%)			Rate (%) SA
2003	January	666.80	4.9	6.5	0.657	4.3	2.6	216.7	-0.4	6.7
	February	675.90	4.9	6.6	0.674	4.4	3.3	216.1	-0.3	6.8
	March	691.18	5.4	6.9	0.681	3.3	4.7	217.8	0.8	6.7
	April	678.94	5.4	6.7	0.698	2.3	5.0	218.8	0.5	6.8
	May	648.75	5.1	6.2	0.731	2.7	5.5	219.1	0.1	6.9
	June	627.97	4.9	5.8	0.742	2.5	4.9	219.0	0.0	6.7
	July	651.74	4.6	6.2	0.712	1.9	5.3	218.0	-0.5	6.3
	August	660.76	4.6	6.4	0.722	1.7	5.1	218.3	0.1	6.6
	September	657.75	4.6	6.3	0.741	2.2	4.9	219.7	0.6	7.1
	October	663.77	4.6	6.4	0.758	1.7	3.6	220.8	0.5	7.7
	November	669.82	4.8	6.5	0.770	1.7	5.4	222.7	0.9	7.4
	December	666.80	4.8	6.5	0.771	3.0	6.2	223.5	0.4	7.2
2004	January	642.78	4.3	6.1	0.755	1.5	5.0	225.1	0.7	7.0
	February	627.97	4.3	5.8	0.749	0.8	6.1	226.8	0.8	7.0
	March	622.08	4.3	5.7	0.763	1.1	5.2	228.3	0.7	6.3
	April	648.75	4.5	6.2	0.729	2.3	4.3	230.0	0.7	5.9
	May	669.82	4.6	6.5	0.733	2.8	4.3	228.5	-0.7	5.3
	June	681.99	4.7	6.7	0.750	2.4	4.7	230.6	0.9	4.9
	July	672.86	4.6	6.6	0.752	2.4	4.7	233.1	1.1	4.7
	August	657.75	4.4	6.3	0.762	1.5	4.8	234.3	0.5	4.8
	September	657.75	4.8	6.3	0.793	1.5	4.8	229.8	-1.9	5.5
	October	663.77	4.9	6.4	0.821	2.1	5.1	225.5	-1.9	6.2
	November	657.75	5.0	6.3	0.843	2.2	4.3	225.2	-0.1	6.9
	December	642.78	4.8	6.1	0.832			228.8	1.6	7.0

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

** Seasonally Adjusted

*** New Housing Price Index

Sources: CMHC, Statistics Canada, Bank of Canada



Definitions

- 1. Starts:** refers to units where construction has advanced to a stage where full (100%) footings are in place. For multiple dwellings (semi-detached, row housing and apartments) the definition of a start applies to the structure or block of row units rather than to the project as a whole.
- 2. Under Construction:** those units which have been started but which are not complete.
- 3. Completions - Single-detached/semi-detached units:** this generally is the stage at which all proposed construction work is complete. A unit may be completed at the 90% stage where the remaining work is largely cosmetic. **Row housing/ Apartment:** completions means that 90% or more of the dwelling units within a block of row units or an apartment structure are completed and ready for occupancy
- 4. Completed and Not Absorbed:** all completed units of new construction (excluding model homes not available for sale) which have never been sold or leased.
- 5. Absorptions:** the number of completed units (excluding model homes) that have been sold or leased.
- 6. Seasonally Adjusted (SA):** Actual monthly (or quarterly) figures adjusted to remove normal seasonal variation.
- 7. Seasonally Adjust Annual Rates (SAAR):** Seasonally adjusted monthly figures multiplied by 12 (or quarterly figures multiplied by 4) to reflect annualized levels of activity.
- 8. Definitions for CMA, NHPI, CPI, and Inflation Rate** can be found in the Statistics Canada website - <http://www.statcan.ca>

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