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NEW HOME MARKET

Best Second Quarter Ever for Oshawa CMA Housing Starts

New home construction in the Oshawa Census Metropolitan Area (CMA) came to life in the second quarter after a slow start to 2004 due to the colder than normal temperatures. Total housing starts, after trending lower for the last two quarters, reversed trend this quarter.

A total of 1,450 units were started in the second quarter of 2004, up 19.3 per cent from the April to June period last year. This was the best showing for any second quarter ever for new home construction in the Oshawa CMA. Demand for new homes continues to be driven by the historically low mortgage rates, a strong local economy, and the price differential between Toronto and the Oshawa CMA. Both single-detached and multiple construction outpaced the strong showing recorded in the second

quarter of 2003. Single-detached starts increased 0.6 per cent to 998 units, while the more volatile multiple sector starts more than doubled reaching 452 units. The start of a condominium apartment building in Oshawa and the strength of the freehold row sector were the driving force behind the increase in multiple starts.

Although housing starts in Whitby continue to be the highest of any in the three municipalities in the Oshawa CMA, only Whitby showed losses in construction levels in the second quarter of 2004. Whitby new home starts fell 10.4 per cent to 671 units, due to the decline in single-detached and semi-detached construction. Only the freehold row segment of the market showed an increase from the second quarter of 2003. Serviced land available for single-detached and semi-detached construction continues to decline in Whitby.

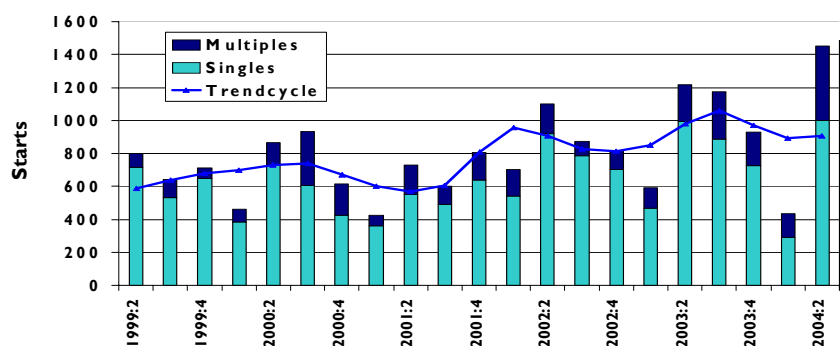
SECOND QUARTER 2004

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Oshawa City posted the largest gain in starts this quarter, increasing 77.3 per cent to 422 units. Single-detached construction jumped 34.1 per cent to 291 units, while the more volatile multiple sector escalated to 131 units due to the start of a condominium

Oshawa CMA Housing Starts



Source: CMHC

CMHC Toronto, Market Analysis

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apartment project in downtown Oshawa. Housing starts in Clarington rose 56.6 per cent to 357 units in the second quarter. Both single-detached and freehold row starts increased in Clarington this quarter. The increase in starts in Oshawa City and Clarington can be attributed in part to the demand for more moderately priced single detached houses in these two communities when compared to Ajax and Whitby. Also, with mortgage rates at historically low levels for the past year, many Oshawa renters made the move to homeownership and bought a home in their own community.

New home construction will remain strong in the next few quarters as new homes sales in the first half of the year are 18 per cent ahead of last years pace. Although Whitby new home sales continue to lag behind last year's pace, Oshawa and Clarington sales are more than making up for this shortfall.

Average single detached price continues to rise

Strong demand for larger single detached homes in all three municipalities of the Oshawa CMA, in the second quarter of 2004 pushed the average price well above 2003 second quarter levels. This quarter, 53 per cent of single detached homes absorbed in the Oshawa CMA were priced above \$250,000, compared to only 25 per cent for the same period last year. In the second quarter of 2004, the average price of a single detached home rose 12.5 per cent to \$260,152. All three municipalities in the Oshawa CMA recorded double digit increases in the absorbed single detached

price. Oshawa City posted the largest gain with a 13.3 per cent increase over last year to \$257,819. Whitby saw the single detached price rise by 11.8 per cent to \$270,083, while Clarington's price increased by 10.1 per cent to \$234,133. From January to June, the average price of a new single detached home in the Oshawa CMA has increased by 10.8 per cent to \$257,798, with all three municipalities recording large year over year price gains.

Strong move-up buyer activity and migration to the Oshawa CMA are behind the more than 10 per cent increase in single detached prices. As well, a 6.3% year-over-year increase in the NHPI has contributed to the increase in prices. The strong resale market with price increases near ten per cent is also pushing new home prices higher.

RESALE MARKET

Record Breaking Resale Pace Continues

After a record breaking performance for resales in the first quarter of 2004, resales in the second quarter continued at a torrid pace. With mortgage rates remaining at historically low levels, buyer activity in the resale market hit record levels. Both first time and repeat buyers took advantage of the low mortgage rates. Homeowner equity and fear of rising mortgage rates are pushing more buyers into the resale market.

A record 2,105 resales were recorded in the Oshawa CMA in the second quarter of 2004, an increase of 28.5 per cent

from one year ago. On a seasonally adjusted basis, for the last seven quarters, with the exception of one quarter, resale volumes have been trending upward. Resale volumes rose above 6,800 SAAR (seasonally adjusted annual rate) in the April to June period, well above the five year average of 4,900. All three municipalities in the Oshawa CMA posted gains in resale volumes in the second quarter. Oshawa City, the leader in term of resale volumes, recorded the largest per cent gain in sales, increasing 31.4 per cent to 899 units from the second quarter of 2003. Whitby posted a 27.6 per cent increase in sales to 670 units, while Clarington resales rose to 536, an increase of 24.9 per cent. For the first six months of 2004, resale volumes in the Oshawa CMA, are up by 27.1 per cent.

The number of newly listed homes continues to outpace 2003 levels. With a strong sellers' market, and increasing average resale prices, many existing homeowners are putting their homes on the market to realize the equity gains inherent in their homes. Although new listings in the second quarter have increased by 22.7 per cent from last year, the Oshawa CMA sales-to-listings ratio, an indicator of market tightness, rose to 75.9 per cent in the second quarter, from 72.5 per cent in the same period of 2003. The Oshawa CMA resale market continues to remain in sellers' market territory. Whitby and Oshawa City registered increases in their sales-to-listings ratios, while Clarington showed a small decrease.

With the Oshawa CMA resale market in sellers' territory, the average resale price continues to rise at a rate above inflation. The average resale price in the Oshawa CMA increased by 12.3 per cent to \$226,197 in the second quarter. Larger price increases were recorded in the more moderately priced markets of Oshawa City and Clarington. The average resale price in Clarington increased by 13.8 per cent to \$231,600, while Oshawa City prices rose 13.6 per cent to \$190,388. In Whitby, the average resale price rose by 10.8 per cent to \$269,924. The Oshawa CMA resale market is expected to remain tight for the remainder of the year, translating into continued price growth above the rate of inflation.

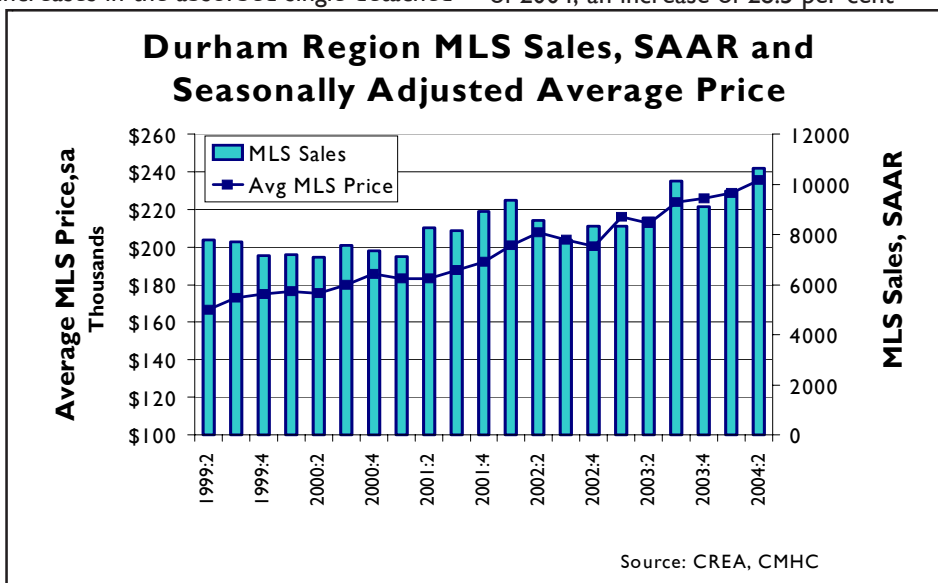


Table I: Housing Activity Summary for Oshawa CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
STARTS								
Q2 2004	998	28	304	0	120	0	0	1,450
Q2 2003	992	88	135	0	0	0	0	1,215
% Change	0.6%	-68.2%	125.2%	NA	NA	NA	NA	19.3%
Year-to-date 2004	1,290	28	376	0	192	0	0	1,886
Year-to-date 2003	1,458	100	247	0	0	0	0	1,805
% Change	-11.5%	-72.0%	52.2%	NA	NA	NA	NA	4.5%
UNDER CONSTRUCTION								
June 2004	1,598	32	406	0	300	0	0	2,336
June 2003	1,716	104	285	0	0	0	0	2,105
COMPLETIONS								
Q2 2004	652	22	126	0	0	0	0	800
Q2 2003	585	18	49	0	0	0	0	652
% Change	11.5%	22.2%	157.1%	NA	NA	NA	NA	22.7%
Year-to-date 2004	1,282	64	304	0	0	0	4	1,654
Year-to-date 2003	1,118	22	125	0	90	0	0	1,355
% Change	14.7%	190.9%	143.2%	NA	-100.0%	NA	NA	22.1%
COMPLETE & NOT ABSORBED								
June 2004	16	3	5	0	0	0	0	24
June 2003	15	2	6	0	1	0	0	24
ABSORPTIONS								
Q2 2004	665	20	139	0	1	0	0	825
Q2 2003	588	19	57	1	0	0	0	665
% Change	13.1%	5.3%	143.9%	-100.0%	NA	NA	NA	24.1%
Year-to-date 2004	1,286	62	328	0	1	0	4	1,681
Year-to-date 2003	1,119	28	131	6	89	0	0	1,373
% Change	14.9%	121.4%	150.4%	-100.0%	-98.9%	NA	NA	22.4%

*Includes all market types

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

Source: CMHC

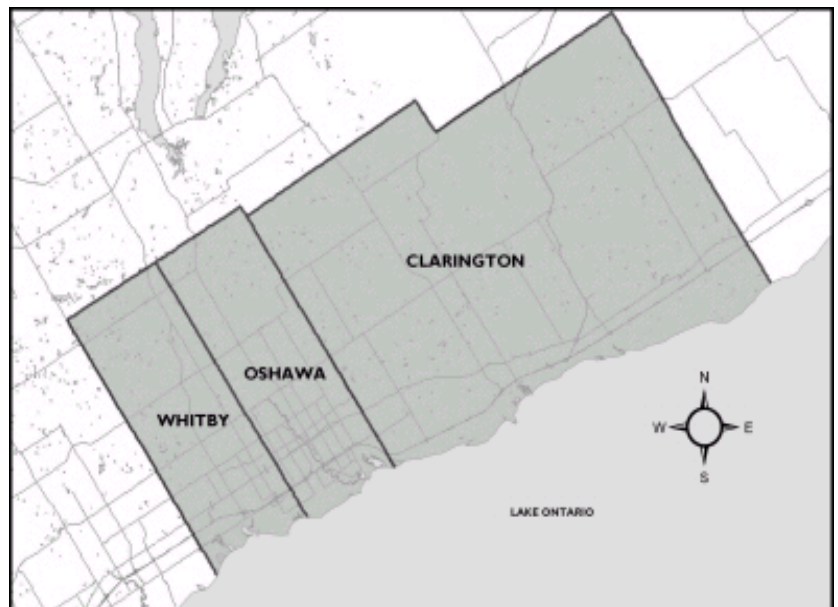
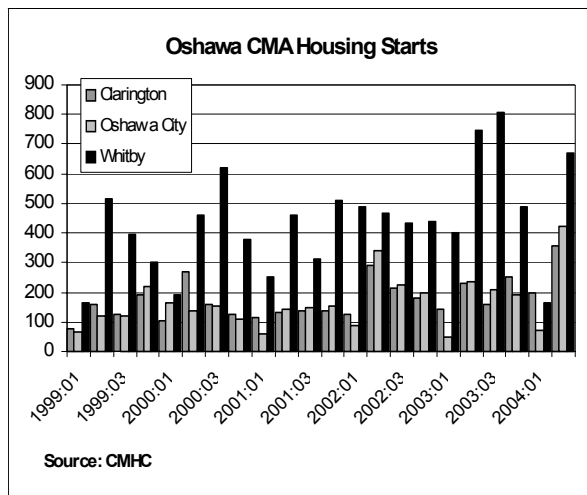


Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q2 2003	Q2 2004	% change	Q2 2003	Q2 2004	% change	2003	2004	% change
Oshawa CMA	992	998	0.6%	223	452	102.7%	1215	1450	19.3%
Clarington	228	299	31.1%	0	58	NA	228	357	56.6%
Oshawa City	217	291	34.1%	21	131	**	238	422	77.3%
Whitby	547	408	-25.4%	202	263	30.2%	749	671	-10.4%

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	2003	2004	% change
Oshawa CMA	1,458	1,290	-11.5%	347	596	71.8%	1,805	1,886	4.5%
Clarington	350	409	16.9%	18	144	**	368	553	50.3%
Oshawa City	255	361	41.6%	35	135	**	290	496	71.0%
Whitby	853	520	-39.0%	294	317	7.8%	1,147	837	-27.0%

Table 3: Average Price of Completed and Absorbed Single-Detached Dwellings

Sub Market Area	Q2 2003	Q2 2004	% Change	YTD 2003	YTD 2004	% Change
Oshawa CMA	\$231,224	\$260,152	12.5%	\$232,757	\$257,798	10.8%
Clarington	\$212,632	\$234,133	10.1%	\$209,730	\$234,422	11.8%
Oshawa City	\$227,566	\$257,818	13.3%	\$234,603	\$251,699	7.3%
Whitby	\$241,490	\$270,083	11.8%	\$243,180	\$267,618	10.0%

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

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

AREA	PRICE RANGES										TOTAL
	<\$199,999		\$200 -249,999		\$250-299,999		\$300-349,999		\$350,000+		
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
Oshawa CMA											
Q2 2004	72	10.8%	242	36.4%	234	35.2%	86	12.9%	31	4.7%	665
Q2 2003	142	24.1%	297	50.5%	102	17.3%	36	6.1%	11	1.9%	588
YTD 2004	138	10.7%	518	40.3%	418	32.5%	156	12.1%	56	4.4%	1286
YTD 2003	268	23.9%	549	49.1%	210	18.8%	67	6.0%	25	2.2%	1119
Clarington											
Q2 2004	39	31.5%	53	42.7%	19	15.3%	4	3.2%	9	7.3%	124
Q2 2003	75	51.7%	49	33.8%	11	7.6%	5	3.4%	5	3.4%	145
YTD 2004	76	33.6%	98	43.4%	23	10.2%	13	5.8%	16	7.1%	226
YTD 2003	152	53.9%	96	34.0%	19	6.7%	6	2.1%	9	3.2%	282
Oshawa City											
Q2 2004	22	12.6%	63	36.0%	60	34.3%	24	13.7%	6	3.4%	175
Q2 2003	26	19.5%	76	57.1%	25	18.8%	5	3.8%	1	0.8%	133
YTD 2004	40	12.4%	142	44.1%	95	29.5%	35	10.9%	10	3.1%	322
YTD 2003	43	16.5%	142	54.6%	59	22.7%	11	4.2%	5	1.9%	260
Whitby											
Q2 2004	11	3.0%	126	34.4%	155	42.3%	58	15.8%	16	4.4%	366
Q2 2003	41	13.2%	172	55.5%	66	21.3%	26	8.4%	5	1.6%	310
YTD 2004	22	3.0%	278	37.7%	300	40.7%	108	14.6%	30	4.1%	738
YTD 2003	73	12.7%	311	53.9%	132	22.9%	50	8.7%	11	1.9%	577

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

CMHC has recently published two new reports - *Residential Intensification Case Studies: Municipal Incentives* and *Residential Intensification Case Studies: Built Projects*. The former profiles municipal initiatives (e.g. infill development, brownfield redevelopment, secondary suites) that have been successfully implemented to overcome obstacles and encourage residential intensification. The latter report includes 23 examples to illustrate the unique challenges and rewards of intensification.

To download the Research Highlights or order the full reports on-line, click on www.cmhc.ca. For more information, or to order by phone, call 1-800-668-2642.

Table 5: Resale Housing Activity for Oshawa CMA

	Number of Sales	Yr/Yr %	Number of New Listings	Sales-to-New Listings	Average Price (\$)	Yr/Yr %
Durham Region						
Q2 2003	2,814	1.4%	4,090	68.8%	218,928	5.9%
Q2 2004	3,482	23.7%	4,811	72.4%	243,794	11.4%
YTD 2003	4,940	-4.9%	7,848		218,244	6.6%
YTD 2004	5,964	20.7%	8,904		238,722	9.4%
Oshawa CMA						
Q2 2003	1,638	2.0%	2,260	72.5%	201,395	7.1%
Q2 2004	2,105	28.5%	2,772	75.9%	226,197	12.3%
YTD 2003	2,871	-5.5%	4,364		200,264	7.7%
YTD 2004	3,648	27.1%	5,153		219,611	9.7%
Whitby						
Q2 2003	525	3.8%	712	73.7%	243,696	6.0%
Q2 2004	670	27.6%	889	75.4%	269,924	10.8%
YTD 2003	913	-5.9%	1,406		241,269	6.4%
YTD 2004	1,153	26.3%	1,703		263,935	9.4%
Oshawa City						
Q2 2003	684	-5.4%	971	70.4%	167,621	5.6%
Q2 2004	899	31.4%	1,146	78.4%	190,388	13.6%
YTD 2003	1,206	-7.6%	1,840		168,272	7.6%
YTD 2004	1,571	30.3%	2,121		185,162	10.0%
Clarington						
Q2 2003	429	13.8%	577	74.4%	203,477	8.2%
Q2 2004	536	24.9%	737	72.7%	231,600	13.8%
YTD 2003	752	-1.4%	1,118		201,787	9.4%
YTD 2004	924	22.9%	1,329		222,871	10.4%

Oshawa CMA						
	Annual Sales	Yr/Yr %	Annual New Listings	Yr/Yr %	Annual Average Price	Yr/Yr %
1994	2,124	-	6,573	-	150,018	-
1995	2,401	13.0%	7,527	14.5%	143,054	-4.6%
1996	4,211	75.4%	6,515	-13.4%	141,308	-1.2%
1997	4,314	2.4%	6,232	-4.3%	147,408	4.3%
1998	4,237	-1.8%	6,009	-3.6%	150,995	2.4%
1999	4,454	5.1%	6,063	0.9%	155,994	3.3%
2000	4,401	-1.2%	6,368	5.0%	164,416	5.4%
2001	4,937	12.2%	6,937	8.9%	172,603	5.0%
2002	5,186	5.0%	6,859	-1.1%	186,785	8.2%
2003	5,586	7.7%	7,772	13.3%	202,272	8.3%

Source:

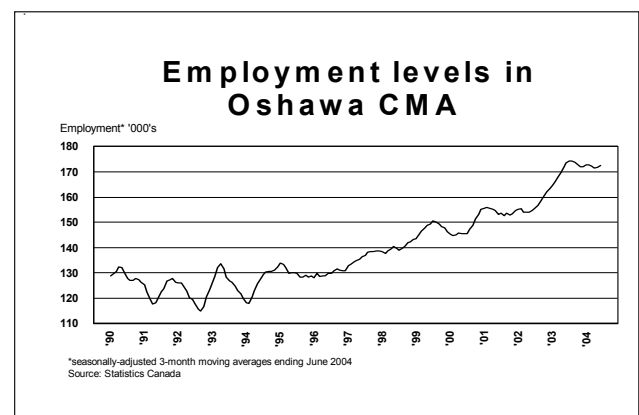
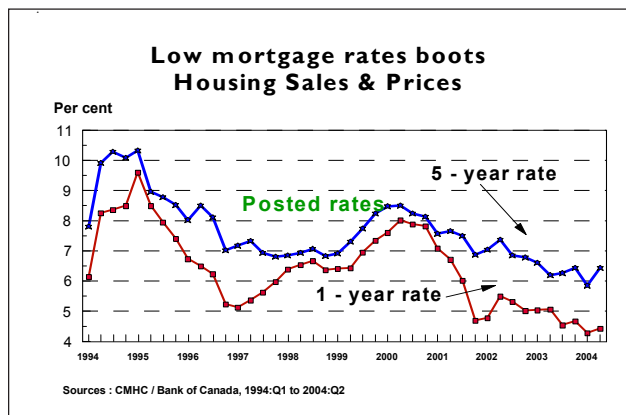
Table 6: Economic Indicators

		Interest and Exchange Rates			Oshawa CMA Labour Market			
		P & I* Per \$100,000	Mortgage Rate		Exch. Rate (\$US/\$Cdn)	Employment SA** (.000)	Employment SA m/m (%)	Unemployment Rate (%) SA
			1 Yr. Term	5 Yr. Term				
2003	January	\$666.80	4.9%	6.5%	0.657	164.8	1.0%	5.7%
	February	\$675.90	4.9%	6.6%	0.674	165.9	0.7%	5.5%
	March	\$691.18	5.4%	6.9%	0.681	168.1	1.3%	5.0%
	April	\$678.94	5.4%	6.7%	0.698	169.6	0.9%	5.1%
	May	\$648.75	5.1%	6.2%	0.731	171.9	1.4%	5.1%
	June	\$627.97	4.9%	5.8%	0.742	173.5	0.9%	5.3%
	July	\$651.74	4.6%	6.2%	0.712	174.2	0.4%	5.4%
	August	\$660.76	4.6%	6.4%	0.722	174.3	0.1%	5.3%
	September	\$657.75	4.6%	6.3%	0.741	173.7	-0.3%	5.3%
	October	\$663.77	4.6%	6.4%	0.758	173.0	-0.4%	4.9%
	November	\$669.82	4.8%	6.5%	0.770	172.0	-0.6%	4.9%
	December	\$666.80	4.8%	6.5%	0.771	172.0	0.0%	4.9%
2004	January	\$642.78	4.3%	6.1%	0.755	172.9	0.5%	5.1%
	February	\$627.97	4.3%	5.8%	0.749	172.9	0.0%	5.0%
	March	\$622.08	4.3%	5.7%	0.763	172.2	-0.4%	5.2%
	April	\$648.75	4.5%	6.2%	0.729	171.6	-0.3%	5.4%
	May	\$669.82	4.6%	6.5%	0.733	171.9	0.2%	5.2%
	June	\$681.99	4.7%	6.7%	0.750	172.5	0.3%	5.1%
	July							
	August							
	September							
	October							
	November							
	December							

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

** Seasonally Adjusted

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>

Your Guide to Renting a Home – CMHC’s new, online guide for tenants, landlords, and property managers

CMHC is breaking new ground with the introduction of “Your Guide to Renting a Home”. A comprehensive rental guide, developed by the Research and Information Transfer team, this free, online tool launched this spring. It will help the estimated four million Canadian households in rental accommodation, as well as landlords and property managers, to find plain language information on tenant and landlord rights and rental practices across the country.

“Your Guide to Renting a Home” is located on the CMHC Web site at www.cmhc.ca. From the left-hand menu, you can select “Buying or Renting a Home” and click on “Renting a Home”.

Ontario’s 2004 Retirement Homes Report

Do you want to learn more about the dynamic private retirement home market in Ontario? The 2004 Retirement Homes Report has detailed Ontario-wide survey findings by market area covering vacancy rates and per diems by bed type, capture rates, new supply and vacancy rates by rent range for private beds as well as rent distributions. Order your copy today by calling **1-800-493-0059**.

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