

# H

# HOUSING NOW

Windsor

## YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

### Housing starts lose steam

- Single-detached housing starts in the Windsor Census Metropolitan Area (CMA) were off less than 2 per cent in the third quarter of 2003 to 477 units compared to the same period a year earlier.
- The third quarter's starts activity, while slightly lower is still on par with third quarter activity in 2001 and 7 per cent above the ten-year third quarter average of 446 homes. The seasonally adjusted trend is upward between Q2 and Q3 2003.
- Single-detached starts in the City of Windsor fell by 16 per cent to 225 units in the third quarter. This was partially offset by a strong showing in multiple construction of 111 units versus 87 units in third quarter 2002, for a decline in total starts activity of 6 per cent. Lakeshore, Amherstburg and Essex

submarkets all showed an increase in single starts in the third quarter however only Lakeshore and Amherstburg have gains year-to-date.

- By the end of the third quarter employment growth in the Windsor CMA had slowed and was only 1.5 per cent above year earlier levels. The smallest gain in 15 months. The slowdown in the labour force growth was even greater resulting in a drop of the unemployment rate to 6.9 per cent.
- Total starts were up 1.5 per cent on a year-over-year basis during the third quarter in 2003, but down 1.9 per cent for the first nine months of the year.
- The supply of new single detached homes completed and available for sale has increased slightly to 13 units, following strong sales activity in the third quarter. In the third

### ISSUE 19

### THIRD QUARTER 2003

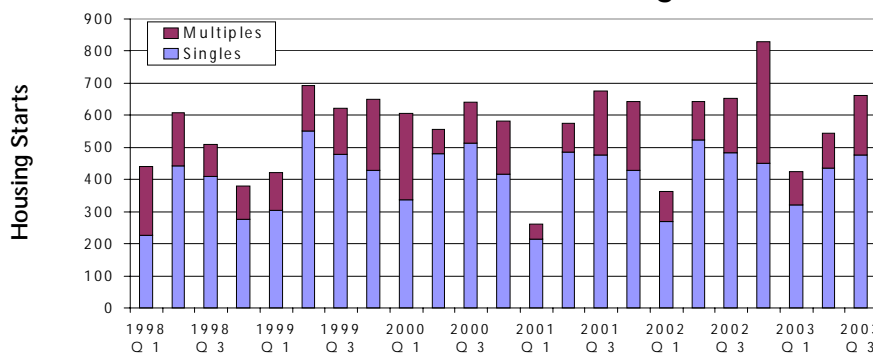
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quarter 509 homes were absorbed, just off the record of 522 homes absorbed in the third quarter of 1998.

- Low borrowing costs have enabled people to buy larger homes. As such the average price of new homes completed and sold in the third quarter rose 12.8 per cent to \$215,870 compared to year earlier levels. Windsor City has finally broken through the \$200,000 price ceiling reaching \$201,420.
- Consumer confidence remains solid as demand for new homes priced over \$250,000 rose to 23.1 per cent of all units completed and absorbed in the third quarter.

### Windsor CMA Housing Starts



Source: CMHC

Margot Stevenson

CMHC Market Analysis, London Office

Direct Line: (519) 873-2407 \* Fax: (519) 438-5266

mstevens@cmhc-schl.gc.ca \* www.cmhc.ca



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# Resale Market

## Demand for resale homes surges in Windsor during third quarter

•The pace of sales surged ahead in the third quarter of the Windsor-Essex County Real Estate Board jumping to 1,517 units or a 21 per cent gain above third quarter 2002 activity. Sales were buoyed by continuing low mortgage rates and stable employment.

•An all time high of 601 sales for the month of July contributed to the outstanding performance. This was also only the third time that monthly sales surpassed the 600 unit sales threshold. Third quarter sales were also the third highest, coming behind 1985 and 1988 third quarter sales. On a seasonally adjusted basis, quarterly sales increased by 17 per cent in Q3 over Q2 to 1,517 sales which translates into over 6,000 sales annually, far above the 5,000 unit mark which represents a good year.

•Homeowners, encouraged by activity and price growth over the last 18 months, listed their homes resulting in significantly more new listings in the third quarter. Third quarter 2003 new listings averaged 6 per cent higher than the same period in 2002. Even so the sales to new listings ratio jumped to 64 per cent, seller's market territory, versus the 58 per cent recorded in the third quarter of 2002 because of the increased sales pace.

• While sales continue to be brisk, the added supply has lessened the upward pressure on prices. The average price in the third quarter was \$152,547, up less than 1 per cent from third quarter 2002. This pace is settling down following monthly year over year increases averaging over 6 per cent in 2002.

### RENTAL MARKET SURVEY 2003

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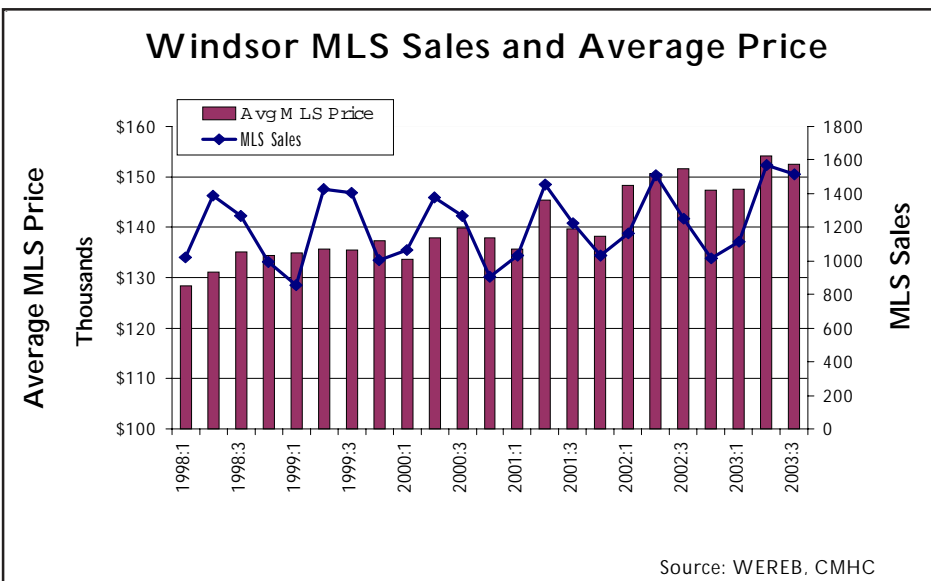
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## Table 1: Housing Activity Summary for Windsor CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	*SINGLE	FREEHOLD *SEMI	ROW	CONDOMINIUM ROW	APT	ROW	APT	
<b>STARTS</b>								
Q3 2003	477	81	58	0	0	0	0	663
Q3 2002	484	86	42	0	41	0	0	653
% Change	-1.5%	-5.8%	38.1%	NA	-100.0%	NA	NA	1.5%
Year-to-date 2003	1,234	169	180	0	0	0	0	1,630
Year-to-date 2002	1,276	196	92	0	85	4	8	1,661
% Change	-3.3%	-13.8%	95.7%	NA	-100.0%	-100.0%	-100.0%	-1.9%
<b>UNDER CONSTRUCTION</b>								
September 2003	473	79	115	0	124	0	12	850
September 2002	506	90	71	0	124	0	0	791
<b>COMPLETIONS</b>								
Q3 2003	454	52	58	0	0	0	0	564
Q3 2002	508	82	42	0	57	4	10	703
% Change	-10.6%	-36.6%	38.1%	NA	-100.0%	-100.0%	-100.0%	-19.8%
Year-to-date 2003	1,228	246	153	0	39	0	0	1,666
Year-to-date 2002	1,252	178	89	11	132	4	44	1,710
% Change	-1.9%	38.2%	71.9%	-100.0%	-70.5%	-100.0%	-100.0%	-2.6%
<b>COMPLETE &amp; NOT ABSORBED</b>								
September 2003	13	0	4	0	0	0	0	17
September 2002	13	4	4	0	42	0	0	63
<b>ABSORPTIONS</b>								
Q3 2003	445	54	70	0	0	0	0	569
Q3 2002	509	80	33	6	56	4	22	710
% Change	-12.6%	-32.5%	112.1%	-100.0%	-100.0%	-100.0%	-100.0%	-19.9%
Year-to-date 2003	1,226	248	157	0	160	0	0	1,791
Year-to-date 2002	1,285	182	92	11	95	4	48	1,717
% Change	-4.6%	36.3%	70.7%	-100.0%	68.4%	-100.0%	-100.0%	4.3%

\*Includes all market types

\*\*Totals may not add up because "Tenure" may not be known until completion

Source: CMHC

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

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q3 2002	Q3 2003	% change	Q3 2002	Q3 2003	% change	2002	2003	% change
<b>Windsor CMA</b>	484	477	-1.4%	169	186	10.1%	653	663	1.5%
Windsor City	269	225	-16.4%	87	111	27.6%	356	336	-5.6%
LaSalle Town	51	43	-15.7%	18	55	205.6%	69	98	42.0%
Lakeshore Township	119	137	15.1%	6	13	116.7%	125	150	20.0%
Amherstburg Township	28	49	75.0%	4	0	-100.0%	32	49	53.1%
Essex Town	1	18	1700.0%	0	0	NA	1	18	1700.0%
Tecumseh Town	16	5	-68.8%	54	7	-87.0%	70	12	-82.9%

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

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2002	YTD 2003	% change	YTD 2002	YTD 2003	% change	2002	2003	% change
<b>Windsor CMA</b>	1276	1234	-3.3%	385	396	2.9%	1,661	1,630	-1.9%
Windsor City	690	626	-9.3%	268	276	3.0%	958	902	-5.8%
LaSalle Town	126	109	-13.5%	24	71	195.8%	150	180	20.0%
Lakeshore Township	297	327	10.1%	23	19	-17.4%	320	346	8.1%
Amherstburg Township	90	122	35.6%	6	7	16.7%	96	129	34.4%
Essex Town	34	23	-32.4%	0	0	NA	34	23	-32.4%
Tecumseh Town	39	27	-30.8%	64	23	-64.1%	103	50	-51.5%

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

Sub Market Area	Q3 2002	Q3 2003	% Change	YTD 2002	YTD 2003	% Change
<b>CMA</b>	\$191,336	\$215,870	12.8%	\$188,743	\$204,723	8.5%
Windsor City	\$178,206	\$201,420	13.0%	\$178,417	\$188,391	5.6%
LaSalle Town	\$215,485	\$204,312	-5.2%	\$194,004	\$219,452	13.1%
Lakeshore Township	\$206,303	\$223,665	8.4%	\$209,374	\$219,058	4.6%
Amherstburg Township	\$222,919	\$232,331	4.2%	\$215,101	\$226,286	5.2%
Essex Town	\$168,183	\$170,225	1.2%	\$168,431	\$183,571	9.0%
Tecumseh Town	\$219,031	\$369,627	68.8%	\$216,064	\$296,016	37.0%

Source: CMHC

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

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

AREA	PRICE RANGES										TOTAL
	<\$150,000		\$150 -174,999		\$175-249,999		\$250-\$299,999		\$300,000+		
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
<b>Windsor CMA</b>											
Q3 2003	34	7.6%	151	33.9%	157	35.3%	49	11.0%	54	12.1%	445
Q3 2002	74	14.5%	244	47.9%	113	22.2%	32	6.3%	46	9.0%	509
YTD 2003	84	6.9%	545	44.5%	354	28.9%	109	8.9%	134	10.9%	1226
YTD 2002	267	20.8%	573	44.6%	251	19.5%	78	6.1%	116	9.0%	1285
<b>Windsor City</b>											
Q3 2003	13	5.7%	98	43.2%	77	33.9%	23	10.1%	16	7.0%	227
Q3 2002	47	16.5%	164	57.5%	47	16.5%	13	4.6%	14	4.9%	285
YTD 2003	51	7.8%	357	54.9%	166	25.5%	40	6.2%	36	5.5%	650
YTD 2002	179	23.2%	403	52.1%	108	14.0%	32	4.1%	51	6.6%	773
<b>LaSalle Town</b>											
Q3 2003	6	17.6%	12	35.3%	7	20.6%	5	14.7%	4	11.8%	34
Q3 2002	9	20.9%	12	27.9%	12	27.9%	3	7.0%	7	16.3%	43
YTD 2003	9	8.3%	49	45.4%	20	18.5%	11	10.2%	19	17.6%	108
YTD 2002	37	30.1%	37	30.1%	27	22.0%	9	7.3%	13	10.6%	123
<b>Lakeshore Township</b>											
Q3 2003	5	4.7%	23	21.7%	47	44.3%	15	14.2%	16	15.1%	106
Q3 2002	3	2.6%	50	43.5%	36	31.3%	14	12.2%	12	10.4%	115
YTD 2003	9	3.0%	90	30.2%	113	37.9%	39	13.1%	47	15.8%	298
YTD 2002	16	6.7%	95	39.9%	70	29.4%	29	12.2%	28	11.8%	238
<b>Amherstburg Township</b>											
Q3 2003	8	14.5%	15	27.3%	18	32.7%	4	7.3%	10	18.2%	55
Q3 2002	4	12.9%	11	35.5%	7	22.6%	1	3.2%	8	25.8%	31
YTD 2003	13	10.2%	38	29.9%	40	31.5%	13	10.2%	23	18.1%	127
YTD 2002	17	20.2%	22	26.2%	25	29.8%	3	3.6%	17	20.2%	84
<b>Essex Town</b>											
Q3 2003	2	25.0%	2	25.0%	4	50.0%	0	0.0%	0	0.0%	8
Q3 2002	11	57.9%	3	15.8%	3	15.8%	0	0.0%	2	10.5%	19
YTD 2003	2	11.8%	5	29.4%	9	52.9%	0	0.0%	1	5.9%	17
YTD 2002	17	50.0%	6	17.6%	8	23.5%	1	2.9%	2	5.9%	34
<b>Tecumseh Town</b>											
Q3 2003	0	0.0%	1	6.7%	4	26.7%	2	13.3%	8	53.3%	15
Q3 2002	0	0.0%	4	25.0%	8	50.0%	1	6.3%	3	18.8%	16
YTD 2003	0	0.0%	6	23.1%	6	23.1%	6	23.1%	8	30.8%	26
YTD 2002	1	3.0%	10	30.3%	13	39.4%	4	12.1%	5	15.2%	33

Source: CMHC

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

Table 5: Resale Housing Activity for Windsor 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 (\$)
2002	January	337	18.2%	5,400	761	8,500	63.2	\$150,119	14.8%	\$148,900
	February	398	18.5%	5,200	618	7,400	70.0	\$145,086	8.5%	\$148,784
	March	428	4.4%	5,000	651	7,400	67.6	\$149,953	6.7%	\$149,764
	April	513	13.0%	5,000	797	7,800	64.3	\$151,463	4.4%	\$150,429
	May	526	-0.6%	5,000	799	8,100	61.5	\$149,339	3.3%	\$147,374
	June	469	-0.4%	4,900	671	7,700	63.7	\$151,095	3.1%	\$150,014
	July	409	1.7%	4,600	709	7,900	58.4	\$146,651	4.7%	\$147,841
	August	457	4.6%	4,900	763	8,800	55.6	\$155,593	11.3%	\$155,001
	September	387	0.8%	4,700	620	7,900	59.7	\$151,865	9.3%	\$153,012
	October	391	11.7%	4,900	700	8,400	58.4	\$150,251	9.3%	\$151,720
	November	354	-5.6%	4,900	592	8,300	58.4	\$146,892	5.8%	\$148,869
	December	269	-12.7%	4,800	416	9,000	53.9	\$144,113	4.3%	\$144,265
2003	January	302	-10.4%	5,000	671	7,700	65.1	\$147,935	-1.5%	\$147,623
	February	373	-6.3%	4,900	705	8,400	58.0	\$149,164	2.8%	\$151,175
	March	439	2.6%	5,000	751	8,400	59.6	\$145,972	-2.7%	\$147,272
	April	461	-10.1%	4,600	831	8,200	56.4	\$147,122	-2.9%	\$142,759
	May	521	-1.0%	5,000	919	9,200	54.9	\$156,869	5.0%	\$155,516
	June	586	24.9%	5,900	810	9,000	66.2	\$157,137	4.0%	\$156,216
	July	601	46.9%	6,400	827	9,000	70.7	\$155,644	6.1%	\$152,925
	August	481	5.3%	5,500	703	8,500	64.4	\$154,406	-0.8%	\$152,412
	September	435	12.4%	5,100	740	9,000	56.7	\$146,212	-3.7%	\$144,221
	October									
	November									
	December									
Q3 2002	1,253	2.5%	4,736	2,092	2,048	0.58	\$151,523	8.5%	\$152,024	
Q3 2003	1,517	21.1%	5,660	2,270	2,214	0.64	\$152,547	0.7%	\$150,139	
YTD 2002	3,924	5.8%		6,389			\$150,226	6.7%		
YTD 2003	4,199	7.0%		6,957			\$151,809	1.1%		

	Annual Sales	Yr/Yr %		Annual New Listings	Yr/Yr %		Annual Average Price	Yr/Yr %	
1993	4,602	-6.9%		10,312	-3.9%		\$110,078	0.8%	
1994	4,998	8.6%		9,843	-4.5%		\$117,316	6.6%	
1995	4,326	-13.4%		8,328	-15.4%		\$118,366	0.9%	
1996	4,898	13.2%		9,327	12.0%		\$122,250	3.3%	
1997	4,807	-1.9%		9,220	-1.1%		\$125,714	2.8%	
1998	4,676	-2.7%		9,111	-1.2%		\$132,328	5.3%	
1999	4,692	0.3%		7,964	-12.6%		\$135,839	2.7%	
2000	4,616	-1.6%		7,950	-0.2%		\$137,453	1.2%	
2001	4,741	2.7%		8,098	1.9%		\$140,206	2.0%	
2002	4,938	4.2%		8,097	0.0%		\$149,656	6.7%	

Source: Canadian Real Estate Association

### Table 6: Economic Indicators

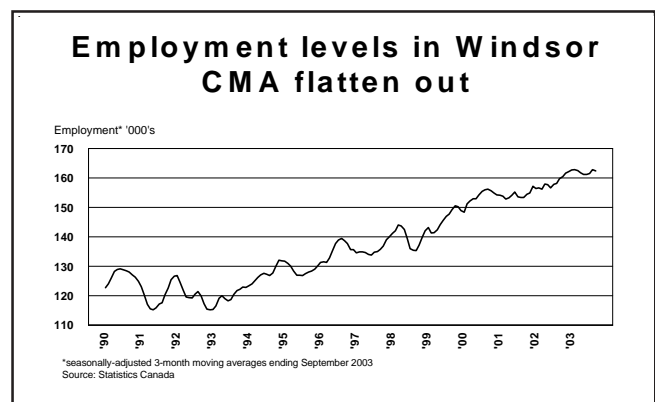
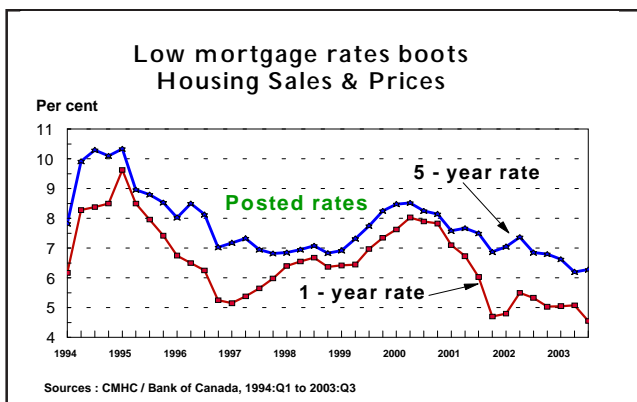
		Interest and Exchange Rates			Inflation Rate	NI-PI*** % chg.	Windsor CMA Labour Market			
		P & I*	Mortgage Rate		Exch. Rate	Ontario	Windsor CMA	Employment	Employment	Unemployment
		Per \$100,000	1 Yr. Term	5 Yr. Term	(\$US/\$Cdn)	1996=100	1997=100	SA** (,000)	SA m/m (%)	Rate (%) SA
2002	January	\$700.42	4.6%	7.0%	0.630	1.2%	-0.1%	156.3	-0.4%	7.8%
	February	\$691.18	4.6%	6.9%	0.624	1.4%	0.6%	156.7	0.3%	8.6%
	March	\$719.04	5.3%	7.3%	0.627	1.9%	0.7%	156.0	-0.4%	9.1%
	April	\$728.42	5.4%	7.5%	0.638	1.4%	0.6%	157.8	1.2%	8.3%
	May	\$725.28	5.6%	7.4%	0.654	0.8%	0.5%	157.6	-0.1%	8.5%
	June	\$715.92	5.6%	7.3%	0.660	1.2%	0.4%	157.1	-0.3%	8.8%
	July	\$703.51	5.4%	7.1%	0.632	2.1%	0.5%	157.8	0.4%	8.9%
	August	\$688.11	5.4%	6.8%	0.642	2.9%	0.6%	158.2	0.3%	8.8%
	September	\$681.99	5.3%	6.7%	0.630	2.3%	0.6%	159.8	1.0%	7.8%
	October	\$700.42	5.3%	7.0%	0.642	2.8%	0.6%	160.4	0.4%	7.1%
	November	\$681.99	4.9%	6.7%	0.639	3.8%	0.6%	161.6	0.7%	6.9%
	December	\$681.99	4.9%	6.7%	0.634	2.8%	0.6%	162.2	0.4%	7.4%
2003	January	\$666.80	4.9%	6.5%	0.657	4.3%	0.6%	162.7	0.3%	7.4%
	February	\$675.90	4.9%	6.6%	0.674	4.4%	0.0%	162.8	0.1%	7.4%
	March	\$691.18	5.4%	6.9%	0.681	3.3%	0.0%	162.5	-0.2%	7.8%
	April	\$678.94	5.4%	6.7%	0.698	2.3%	0.0%	161.8	-0.4%	8.0%
	May	\$648.75	5.1%	6.2%	0.731	2.7%	0.1%	161.2	-0.4%	7.8%
	June	\$627.97	4.9%	5.8%	0.742	2.5%	0.1%	161.2	0.0%	7.3%
	July	\$651.74	4.6%	6.2%	0.712	1.9%	0.1%	161.5	0.2%	7.4%
	August	\$660.76	4.6%	6.4%	0.722	1.7%	0.0%	162.9	0.9%	7.1%
	September	\$657.75	4.6%	6.3%	0.741	2.2%		162.4	-0.3%	6.9%
	October									
	November									
	December									

\* Payment and Interest, 5yr mortgage rate, 25yr amortization

\*\* Seasonally Adjusted

\*\*\* New House Price Index

Source: CMHC, Statistics Canada Labour Force Survey



## 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>

## MAKING A MOVE TOWARD SUSTAINABILITY

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# FORECAST

Windsor

## SUMMARY

Canada Mortgage and Housing Corporation

ISSUE:  
FALL 2003

### New Home Market Housing starts to edge down in 2004

Moderate increases in borrowing rates in 2004 will impact homebuying in spite of continued job growth, resulting in no increase in single detached housing starts in the Windsor Census Metropolitan Area (CMA). The rapid pace of job creation in 2002 and early 2003 has begun to moderate. During the first three quarters of 2003 single starts in the Windsor CMA have fallen by 4 per cent from comparable figures in 2002. By year end single starts will be 7.3

per cent lower, totalling 1,600 units. While slightly lower, 2003 is part of a 5 year period of strong housing starts in the Windsor area. Factors contributing to this strong activity include rising incomes, a vibrant resale market with limited number of listings from which to choose, low mortgage rates, job growth and strong in migration.

Increasing popularity as a move-down option will once again lead to over 200 semi-detached housing starts this year

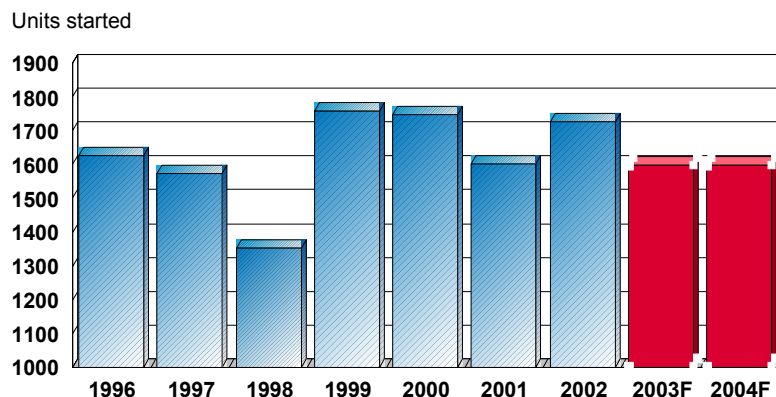
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and just under 200 in 2004. The average price of a completed and sold semi-detached home hit \$161,185 in the third quarter, up 4 per cent from third quarter 2002 average prices, indicative of a product in demand.

Construction of homeownership apartments and townhouses will decrease 18 per cent to 340 this year but recover to 410 starts in 2004 with the bulk as freehold townhomes. A growing 55+age group segment will continue to look towards this type of maintenance-free accommodation.

The tight resale market has encouraged many homebuyers to look to the new home market to satisfy their needs. Rising incomes have become evident in the higher prices achieved in the new home market. In 2003 the average price

#### Single detached housing starts slip



Source: CMHC

**Margot Stevenson**  
**CMHC London, Market Analysis**  
 Direct Line: (519) 873-2407 \* Fax: (519) 438-5266  
 mstevens@cmhc-schl.gc.ca \* www.cmhc.ca



HOME TO CANADIANS  
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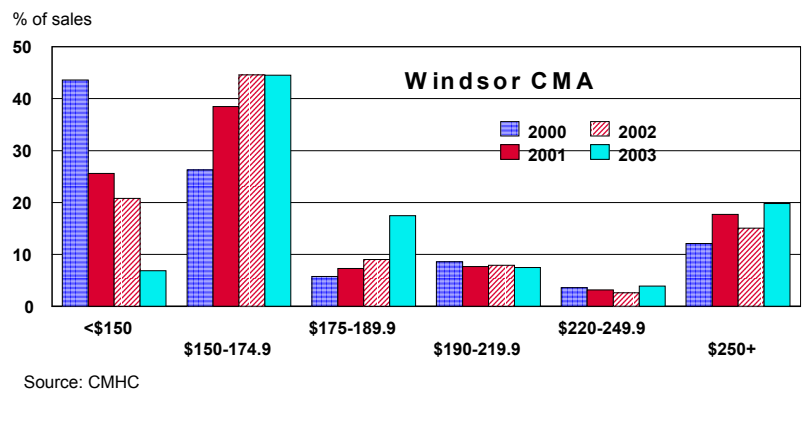
of a new home will reach \$206,000 an increase of 7.6 per cent and the first time to break through the \$200,000 ceiling. In 2004 this will rise a further \$6,000. However, price increases are the result of larger, upper end homes as the New Housing Price Index in Windsor shows less than a one per cent annual increase. The average price of a new home completed and sold in the Windsor CMA surged ahead in the second and third quarter of this year reaching \$215,870, a jump of 12.8 per cent over the third quarter of 2002. Homes absorbed in the \$250,000+ price range have grown in market share representing 23 per cent in the third quarter versus 15.3 per cent last year. The gain was at the expense of homes priced under \$150,000 which fell to 6.9 per cent in the first three quarters from 20.8 per cent in the first three quarters of 2002.

## Resale Market Equity gains entice listings

At the beginning of the year the Windsor-Essex resale market struggled to keep pace with last year's sales activity. A very active summer made up for a slow spring and was able to propel sales 7 per cent ahead by the end of the third quarter of 2003. This pace will continue and sales will finish the year at 5,300 units.

Several years of strong sales have satisfied much of the built up demand accumulated during the late 90's. This fact combined with interest rate increases in 2004 will result in a 4 per cent pull back in sales activity. Higher mortgage rates impact the carrying cost of a home and decrease the number of people that can afford to purchase. The carrying cost on the average priced home in Windsor was \$656 in September. The carrying cost will rise as borrowing charges

### Entry-level demand dwindles



increase in 2004. Despite a decline in 2004, the resale market is expected to achieve the second highest level in the last 14 years.

The market crossed over into a seller's market in July due to the low level of new listings available with a sales to new listings ratio just above the 60 per cent mark. Following an average price increase of 6.3 per cent to \$147,218 in 2002, the increased supply will result in an average price increase of 3.9 per cent this year.

Owners have responded to rising equity by listing their homes for sale. Active listings have continued to rise throughout the year. At the end of the September 2,657 homes were available for sale. This is the highest number for the month of September since 1993. As owners continue to list their homes the market will return to a balanced position by the first

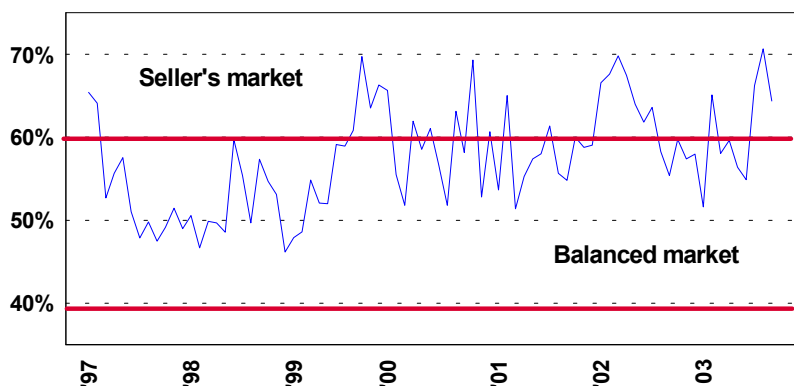
quarter of 2004. Prices will continue to increase in 2004, lagging the sales peak, reaching \$158,000.

## RENTAL MARKET Rental Market oversupplied in 2003

Windsor's apartment vacancy rate hit 3.9 per cent in October 2002 from 1.9 per cent two years before and is expected to come in slightly higher in 2003. A large number of renters entered the homeownership market enticed by historically low mortgage rates. Both the resale and new home markets were hot in 2003. Many of these purchasers came from the rental market

### Windsor hits sellers territory

Sales to new listings

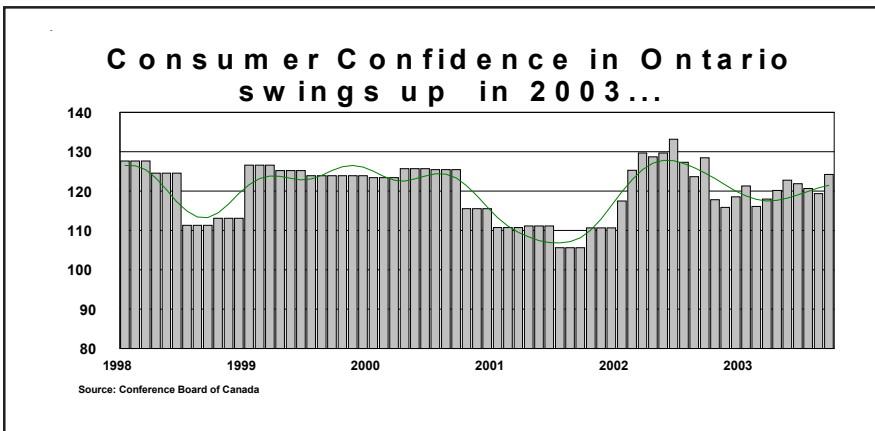


resulting in an increased supply of rental units available. The census also revealed that over 40% of young adults aged 20-29 are choosing to remain in the family home. This indicates a shift from the traditional life cycle model where young adults rent first before entering home ownership. Now young adults are saving more equity and able to bypass the rental option all together.

Despite the fact of very little rental construction vacancies continue to rise. The impact of the double cohort of students was not as severe as anticipated. Many students decided to postpone post secondary education and the addition of new dormitory beds in Windsor more than met any increased demand.

On the supply side there have been no rental completions in 2003 and no units under construction. Less than 100 units are expected to start in 2004.

Due to the rising vacancy rate the pace of average rental increases for 2 bedroom apartment units will slow to 1.4 per cent to in 2003 following a 3.7 per cent rise in 2002. Average 2 bedroom apartment rents are expected to hit \$776.



## Economic Overview

The Windsor labour market continued to expand albeit at a slower pace in 2003. Unfortunately negotiations for a new Daimler Chrysler plant have been shelved and the DCX truck plant on Pillette Road closed in June impacting about 500 net full time jobs.

Employment grew by 2.7 per cent in 2002 and is on track to gain another 2.6 per cent in 2003 and 2.8 per cent in 2004. This level of job growth has lured approximately 5,000 people to the area last year. Stronger growth in full-time versus part time employment will result in ongoing demand for housing in the Windsor-Essex area.

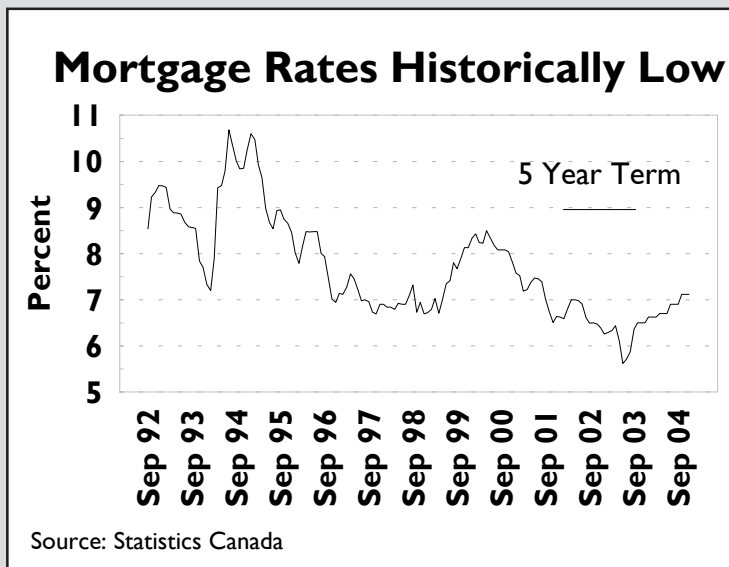
## Consumer confidence remains high

After soaring to a 14 year high in the summer of 2002, consumer confidence in Ontario took a hit from geopolitical and health concerns. Since then confidence levels have moved higher, reaching a one year high in September. While jobs give people the means to buy and low mortgage rates keep home ownership affordable, consumer confidence is a key indicator in peoples willingness to follow through with a purchase. Consumer confidence is expected to remain high in the near future, thereby continuing to support the strong housing market.

## Mortgage rates on the rise - still low by historical standards

A decelerating inflation rate and lingering trade, health, and geopolitical risks will keep Canadian interest and mortgage rates low in the near future. Short-term Canadian interest rates are forecast to remain low over the next few months prior to rising 25-75 basis points in 2004. Long-term yields are forecast to continue their upward trend later this year and rise by 25-50 basis points both this year and in 2004.

One, three and five-year posted closed mortgage rates are expected to be in the 4.25-5.25, 5.25-6.25, and 6.00-6.75 percent range respectively this year. The mortgage rates are forecast to rise by 0.50-0.75 percent next year. Discounts from posted rates will be in the 0.5-1.5 percent range.



## FORECAST SUMMARY

### Windsor Census Metropolitan Area

<b>RESALE MARKET</b>	<b>2001</b>	<b>2002</b>	<b>2003 (F)</b>	<b>2004 (F)</b>	<b>% Change</b>
MLS * Sales	4741	4938	5300	5100	-3.8%
MLS Average Price	\$138,485	\$149,206	\$152,000	\$158,000	3.9%
MLS New Listings (Sept)	653	680	802		

#### **NEW HOME MARKET**

Single-detached starts	1604	1726	1600	1600	0.0%
Semidetached starts	218	350	210	190	-10%
Row Apt Ownership starts	289	384	330	360	9.1%
Apt Rental Lease starts	46	30	10	50	
<b>Total Starts</b>	<b>2157</b>	<b>2490</b>	<b>2150</b>	<b>2200</b>	<b>2.3%</b>
Average New Home Price	\$190,600	\$191,437	\$206,000	\$212,000	2.9%

#### **RENTAL MARKET**

Apartment Vacancy Rate	2.9	3.9	4.3		
Average 2 Bedroom Rent	\$738	\$765	\$776		1.4%

#### **ECONOMIC ASSUMPTIONS**

Mortgage Rate (1-Year Term, %)	6.14	5.17	4.85	4.89	
Mortgage Rate (5-Year Term, %)	7.4	7.02	6.42	6.83	
Employment (000's)	154.6	158.8	163	167.5	2.8%
Net Migration	5940	5000	4800	5000	4.2%

\*Multiple Listing Service, (MLS) is a registered certification mark owned by the Canadian Real Estate Association.

Source: Windsor-Essex County Real Estate Board, HRDC, Bank of Canada, CMHC

**Forecast Summary** is CMHC's forecast for new home and resale markets. Issues are released in the Spring and Fall of each year.

Margot Stevenson  
 Direct Line: (519) 873-2407  
 e-mail: [mstevens@chmc-schl.gc.ca](mailto:mstevens@chmc-schl.gc.ca)

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