Manitoba

HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

SECOND QUARTER 2002

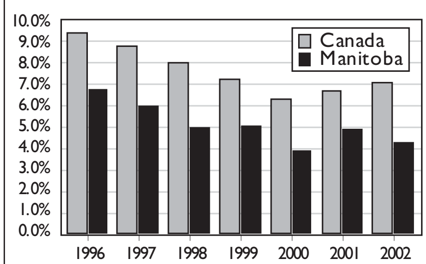
New Home Market

Urban Housing Starts Up by 23 Per cent in Second Quarter

Thanks to a stable provincial economy, tight resale markets and historically low interest rates, total housing starts in Manitoba continued to push upward in the second quarter of 2002. From January to June of 2002, the Manitoba economy witnessed further gains in the number of people employed. Though many gains were in part-time positions, the number of people employed full-time increased by over one per cent to an average 445,000 to the end of June. Despite further additions to the labour force, the additional jobs resulted in a further decline in the unemployment rate, down to a nation-wide low of 4.3 per cent at the end of June. Along with a favourable economic picture, low interest rates continued to make it attractive for perspective home buyers to enter the housing market, either as first-time buyers or for those seeking to upgrade to a newer home. Another important consideration for the new home market is the shortage of resale listings available, particular in the Winnipeg CMA. Active listings in Winnipeg have declined steadily from January to June of 2002 to under 1,500. Active listings have also been shrinking in Brandon and Portage La Prairie. With a low supply of available homes, potential new home buyers are increasingly forced to look towards the new home market to meet their housing needs. Coupled with low interests rates and the confidence of a steady economy, it is not surprising that housing starts in the province continue to go up.

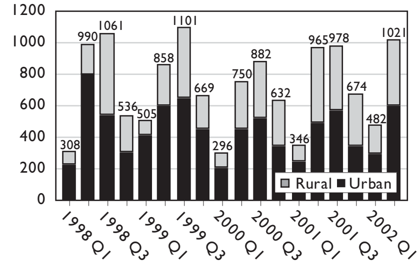
During the second quarter of 2002, the residential construction industry recorded a total of 1,021 starts across the province of Manitoba, an increase of six per cent over the same period one year earlier. Year-to-date construction increased by 15 per cent from 1,311 in 2001 to 1,503 in 2002, a level of activity not seen since 1998. Clearly, Manitoba's five urban centres led the way in total starts this quarter, growing by 23 per cent to 599 units. Single-family starts in the urban areas moved ahead by 31 per cent, reaching 517 starts in this quarter compared to 393 starts the previous year. During the same period, rural housing starts declined by 12 per cent to 422 units, a stark contrast from the pace of growth experienced in

Canada & Manitoba Unemployment Rate



Source: Statistics Canada (Jan - June Average)

Manitoba Urban & Rural Housing Starts



Source: CMHC

I N T H I S I S S U E :

CMHC SCHL

HOME TO CANADIANS

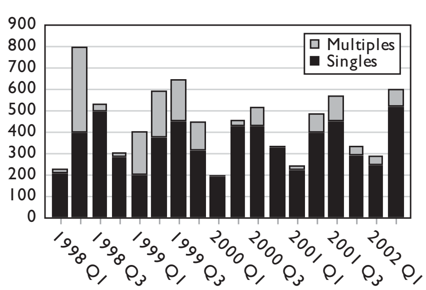
Canada

the previous quarter. Despite the decline, however, the overall performance of the rural housing market remains strong with year-to-date construction up by six per cent over the previous year. In terms of single and multi-family starts, the rural areas witnessed a nine per cent drop in single-family starts and 35 per cent drop in multi-family starts. Multi-family starts were also down by 10 per cent in the five urban centres.

Most New Single-Family Construction Occurs in Winnipeg and Brandon

Most of the increase in residential construction activity was in new single-family starts, and most of these occurred in Winnipeg CMA and Brandon. In the second quarter of 2002, the Winnipeg CMA witnessed a 35 per cent year-over-year increase in single-family starts to 460 units. This is in contrast to most urban centres and rural areas that witnessed declines in the number of new-family starts in this quarter. Brandon was the only other centre to achieve significant gains in the number of single-family starts, growing to 32 new units in the second quarter of 2002 compared to 13 units the previous year. St. Andrews recorded only a marginal decline from last year, while Portage La Prairie had a sharp decrease in the number of new single-family starts. The pace of new single-family construction remains strong for Winnipeg as year-to-date starts are up 23 per cent from the previous year. Year-to-date single-family starts in Brandon leaped by 150 per cent this year, while St. Andrews has gone up by a healthy 33 per cent. Considering the low cost of borrowing and tight resale markets in both Winnipeg and Brandon, we should expect to see continued strong construction activity in the new single-family housing market for both these urban centres.

Urban Housing Starts in Manitoba



Source: CMHC

Single Family Absorptions are Down in Second Quarter

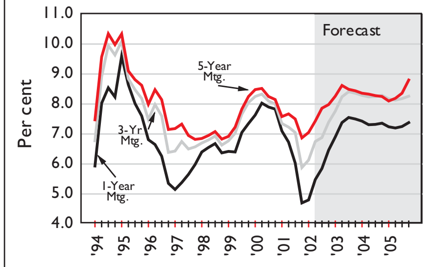
Despite the growing number of new single-family starts in Manitoba for the second quarter of 2002, the number of homes absorbed in the market during this period went down significantly. For all urban centres, there were 247 single-family dwellings absorbed from April to June of 2002, dropping by 31 per cent from the same period last year. As a result, the supply of available homes in urban centres, grew from 686 units in the second quarter of 2001 to 887 units in the second quarter of 2002, an increase of 29 per cent. At the current 12-month average rate of absorption, it will take approximately 8.9 months to absorb the existing supply of single-family dwellings. CMHC considers a six-month supply of new single-family dwellings to be characteristic of a balanced market. However, this does not indicate a future inventory buildup, as the current strong pace of construction will likely be followed by a corresponding jump in absorptions

From April to June of 2002, the number of single-family homes purchased at $200,000 or more recorded a marked increase in market share. In the second quarter of 2001, the share of absorptions above $200,000 was 20 per cent of all single-family homes. By the second quarter of 2002, the number of single-family homes absorbed at above $200,000 grew to 35 per cent of market share or 84 homes, representing a 25 per cent increase from the previous quarter. Meanwhile, there was a significant decrease in the number of homes purchased below $150,000, shrinking from 95 homes in the second quarter of 2001 to 39 homes during the same period in 2002. This represents a decrease of over 59 per cent from year to year. Reasons for the rising market share of single-family price in the medium and high price ranges can be attributed to the rising construction costs and consumer preferences. In addition, low short-term mortgage rates in the past few months may have persuaded some home buyers to move into the higher-end new home market.

Multi-Family Construction Down in Second Quarter

During the second quarter of 2002, multi-family construction in the entire province dropped by 20 per cent to 117 units. The

Mortgage Interest Rates



Source: CMHC

drop was more significant in rural areas, as the number of new multi-family starts shrank from 54 in the second quarter of 2001 to 35 during the same time in 2002. While the urban centres in total recorded an 11 per cent decrease from last year at this time, the Winnipeg CMA had a significant 80 per cent decrease from 70 units between April and June of 2001 to just 14 units during the same period in 2002. Year-to-date figures for Winnipeg CMA reveal that the pace of new multi-family construction is down from last year by a 42 per cent margin.

Mortgage Rates To Continue Inching Upwards in 2002

While open and variable rate mortgages generally track lender's prime, fixed rate mortgages move in tandem with the bond market. As the prime rate, money market, and short-term bond yields are expected to rise in line with the economic recovery, so will short-term mortgages rates. Though mortgages rates are expected to edge up this year, they remain low by historical standards. Therefore, the outlook remains favourable with one-, three- and five-year mortgage rates to be in the 5.00-6.00, 6.00-7.00, and 7.00-8.00 per cent ranges, respectively. Low mortgage rates will continue to stimulate demand for housing. Given the limited number of listings in the existing home market, many home buyers will be considering the new home market for their housing needs.

For More Information, Please Contact:

Christian Douchant

Market Analyst

Telephone: (403) 515-2902
Toll Free: 1-877-722-2642
E-mail: cdouchan@cmhc-schl.gc.ca

Table 1
PROVINCE OF MANITOBA
STARTS ACTIVITY BY AREA - 2ND QUARTER 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	SEMI	ROW	APT	2002	2001	2002/2001
WINNIPEG CM	**460**	**340**	**14**	**0**	**0**	**474**	**410**	**15.61**
WINNIPEG CITY	326	248	14	0	0	340	318	6.92
BRANDON CA	32	13	2	4	6	44	35	25.71
PORTAGE LA PRAIRIE CA	5	18	2	7	47	61	18	**
ST. ANDREWS CA	20	21	0	0	0	20	21	-4.76
THOMPSON CA	0	1	0	0	0	0	1	**
MANITOBA (URBAN)	**517**	**393**	**18**	**11**	**53**	**599**	**485**	**23.51**
MANITOBA (RURAL)	**387**	**426**	**11**	**0**	**24**	**422**	**480**	**-12.08**
MANITOBA (TOTAL)	**904**	**819**	**29**	**11**	**77**	**1021**	**965**	**5.80**

Table 1b
PROVINCE OF MANITOBA
STARTS ACTIVITY BY AREA - JANUARY TO JUNE 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	SEMI	ROW	APT	2002	2001	2002/2001
WINNIPEG CMA	**681**	**552**	**14**	**6**	**32**	**733**	**643**	**14.00**
WINNIPEG CITY	507	418	14	6	32	559	503	11.13
BRANDON CA	40	16	2	4	12	58	42	38.10
PORTAGE LA PRAIRIE CA	7	20	2	7	47	63	20	**
ST. ANDREWS CA	32	24	0	0	0	32	24	33.33
THOMPSON CA	0	1	0	0	0	0	1	**
MANITOBA (URBAN)	**760**	**613**	**18**	**17**	**91**	**886**	**730**	**21.37**
MANITOBA (RURAL)	**572**	**525**	**11**	**10**	**24**	**617**	**581**	**6.20**
MANITOBA (TOTAL)	**1332**	**1138**	**29**	**27**	**115**	**1503**	**1311**	**14.65**

*** indicates a greater than 100 per cent change*

Table 2 MANITOBA HOUSING COMPLETIONS BY AREA 2ND QUARTER 2002								
	Single		Multiple			Total		Chg
AREA	2002	2001	SEMI	ROW	APT	2002	2001	2002/2001
WINNIPEG CMA	**345**	**315**	**22**	**4**	**79**	**450**	**593**	**-24.11**
WINNIPEG CITY	270	246	22	4	79	375	518	-27.61
BRANDON CA	21	8	0	0	0	21	14	50.00
PORTAGE LA PRAIRIE CA	4	9	0	6	0	10	9	11.11
ST.ANDREWS CA	14	7	0	0	0	14	7	**
THOMPSON CA	0	10	0	0	0	0	10	**
MANITOBA (URBAN)	**384**	**339**	**22**	**10**	**79**	**495**	**623**	**-20.55**
MANITOBA (RURAL)	**243**	**206**	**0**	**0**	**0**	**243**	**210**	**15.71**
MANITOBA (TOTAL)	**627**	**545**	**22**	**10**	**79**	**738**	**833**	**-11.40**

Table 2b MANITOBA HOUSING COMPLETIONS BY AREA JANUARY TO JUNE 2002								
	Single		Multiple			Total		Chg
AREA	2002	2001	SEMI	ROW	APT	2002	2001	2002/2001
WINNIPEG CMA	**476**	**517**	**22**	**4**	**79**	**581**	**803**	**-27.65**
WINNIPEG CITY	360	380	22	4	79	465	660	-29.55
BRANDON CA	30	14	0	0	6	36	28	28.57
PORTAGE LA PRAIRIE CA	11	20	0	6	0	17	20	-15.00
ST.ANDREWS CA	21	14	0	0	0	21	14	50.00
THOMPSON CA	1	0	0	0	0	1	0	**
MANITOBA (URBAN)	**539**	**565**	**22**	**10**	**85**	**656**	**865**	**-24.16**
MANITOBA (RURAL)	**572**	**659**	**7**	**26**	**0**	**605**	**665**	**-9.02**
MANITOBA (TOTAL)	**1111**	**1224**	**29**	**36**	**85**	**1261**	**1530**	**-17.58**

*** indicates a greater than 100 per cent change*

Table 3

PROVINCE OF MANITOBA - CENTRES OF 50,000 POPULATION AND OVER SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - 2ND QUARTER

	< $100,000	$100,000 -119,999	$120,000 -149,999	$150,000 -199,999	$200,000 -249,999	$250,000 +	Total
WINNIPEG CMA	**2**	**12**	**25**	**114**	**44**	**40**	**237**
WINNIPEG CITY	1	5	24	99	37	25	191
RURAL MUNICIPALITIES	1	7	1	15	7	15	46

Table 3b

PROVINCE OF MANITOBA - CENTRES OF 50,000 POPULATION AND OVER SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - JANUARY TO JUNE

	< $100,000	$100,000 -119,999	$120,000 -149,999	$150,000 -199,999	$200,000 -249,999	$250,000 +	Total
WINNIPEG CMA	**8**	**15**	**72**	**166**	**27**	**40**	**328**
WINNIPEG CITY	5	9	63	139	21	20	257
RURAL MUNICIPALITIES	3	6	9	27	6	20	71

Table 4
PROVINCE OF MANITOBA
UNDER CONSTRUCTION - AS OF END JUNE 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	SEMI	ROW	APT	2002	2001	2002/2001
WINNIPEG CMA	**625**	**464**	**20**	**29**	**140**	**814**	**571**	**42.56**
WINNIPEG CITY	420	299	20	29	140	609	406	50.00
BRANDON	17	10	2	4	6	29	26	11.54
PORTAGE LA PRAIRIE CA	9	18	2	7	47	65	18	**
ST. ANDREWS CA	23	30	0	0	0	23	30	-23.33
THOMPSON	0	1	0	0	0	0	1	**
MANITOBA (URBAN)	**674**	**523**	**24**	**40**	**193**	**931**	**646**	**44.12**
MANITOBA (RURAL)	**506**	**497**	**11**	**10**	**24**	**551**	**566**	**-2.65**
MANITOBA (TOTAL)	**1180**	**1020**	**35**	**50**	**217**	**1482**	**1212**	**22.28**

Table 4b
PROVINCE OF MANITOBA
COMPLETE NOT OCCUPIED - AS OF END JUNE 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	SEMI	ROW	APT	2002	2001	2002/2001
WINNIPEG CMA	**213**	**163**	**18**	**7**	**0**	**238**	**204**	**16.67**
CITY ONLY	170	136	18	5	0	193	174	10.92
RURAL MUNICIPALITIES	43	27	0	2	0	45	30	50.00

Table 5 MANITOBA HOUSING ACTIVITY SUMMARY										
Activity	Ownership					Rental				Total
	Freehold			Condominium		Private		Assisted		
	Single[1]	Semi[1]	Row	Row	Apt	Row	Apt	Row	Apt	
STARTS										
2nd Quarter 2002	517	18	7	0	0	4	53	0	0	599
2nd Quarter 2001	393	10	0	0	0	12	70	0	0	485
Jan. to June 2002	760	18	7	6	32	4	59	0	0	886
Jan. to June 2001	613	10	0	0	15	16	76	0	0	730
UNDER CONSTRUCTION										
June 2002	674	24	3	33	56	4	53	0	84	931
June 2001	523	8	0	0	39	12	64	0	0	646
COMPLETIONS										
2nd Quarter 2002	384	22	0	10	15	0	64	0	0	495
2nd Quarter 2001	339	6	0	14	61	0	203	0	0	623
Jan. to June 2002	539	22	0	10	15	0	70	0	0	656
Jan. to June 2001	565	18	0	14	61	4	203	0	0	865
COMPLETED & NOT ABSORBED[2]										
June 2002	213	18	0	7	0	0	0	0	0	238
June 2001	163	14	0	9	18	0	131	0	0	335
TOTAL SUPPLY[3]										
June 2002	887	42	3	40	56	4	53	0	84	1169
June 2001	686	22	0	9	57	12	195	0	0	981
ABSORPTIONS[2]										
2nd Quarter 2002	247	11	0	11	15	0	68	0	0	352
2nd Quarter 2001	358	9	0	14	46	0	125	0	0	552
12-month Average	100	2	0	1	3	1	17	0	0	124

[1] May include units intended for condominium.

[2] Centres of 50,000 population and over.

[3] Sum of units under construction, complete and unoccupied

DEFINITIONS AND BACKGROUND NOTES

Starts and Completions Survey

The purpose of this survey is to measure new residential construction activity. The common unit of measurement is the "dwelling unit" (as opposed to value).

The Starts and Completion Survey enumerates dwelling units in new structures only; such units being designed for non-transient and year-round occupancy. Thus, excluded from the survey are conversions, vacation homes, cottages and collective type dwellings.

Starts - refer to units where construction has advanced to the footing or foundation stage and in the case of multiples, a start applies to the individual unit.

Under Construction - refers to units that have started but are not complete (i.e. units under construction from the previous month plus starts for the current month minus completions during the current month plus/minus any adjustments to units under construction which may include cancellations of projects, re-initiations of projects and/or changes in tenure status).

Completions - refer to units where all proposed construction work has been performed or in some cases where ninety percent of all construction work is completed and the structure is fit for occupancy.

Completed and Unoccupied - refers to completed units of new construction which have never been occupied or sold (i.e. completed and unoccupied units from the previous month plus completions during the current month minus absorptions for the current month).

Total Supply - refers to the total supply of new units and includes, units under construction and units that are completed but not occupied (i.e. under construction plus completed and unoccupied for the current month).

Absorptions - refers to newly completed units which have been sold or rented. The number of absorptions is obtained from a survey initiated when the structure is completed. Units pre-sold or pre-leased are not included until the completion stage (i.e. completed and unoccupied units from the previous month plus completions for the current month minus completed and unoccupied units for the current month).

Dwelling units have been divided into four categories:

The definition of types of dwellings used are in accordance with those used in the Census.

Single-Detached - This type is commonly called a "single-house". It comprises only one-dwelling unit which is completely separate on all sides from any other dwelling or structure including linked homes which are attached below ground.

Semi-Detached - In this category each one of two dwellings are located side-by-side in a building and are separated by a common wall extending from ground to roof or by a garage.

Row - This category comprises a one-family dwelling unit in a row of three or more dwellings separated by common or party walls extending from ground to roof.

Apartment and Other - This category includes all dwelling units other than those described above. It includes structures such as: duplexes, double-duplexes, triplexes, row-duplexes, apartments proper and dwellings over or behind a store or other nonresidential structure. In accordance with the definition, single-detached units with legal secondary suites are included in this category.

Geographical coverage of the survey includes all metropolitan areas, census agglomerations and urban centres of 10,000 population and over, as defined by the Census. These areas are enumerated completely each month. The remainder of the branch territory is covered on a sample basis four times a year in March, June, September and December.

Market Absorption Survey

The purpose of this survey is to provide an indication of the short-term demand for home ownership and rental dwellings. The survey is designed to measure the rate at which units are sold or rented after they are completed.

The geographical coverage of the Market Absorption Survey is all metropolitan areas and all urban centres of 50,000 population and over.

In the Market Absorption Survey, certain dwellings are excluded for various reasons. These are: dwellings financed by CMHC or NHA Section 6, Non-profit Public and Private initiated housing, which are not subject to normal market criteria and dwellings constructed for model purposes.

Absorption in this report is defined as take up monitored at completions plus those from inventory. For the short term, absorptions are a function of actual completions and inventory levels.

1996 Census Definitions

A **Census Metropolitan Area** refers to the main labour market area of an urbanized core having 100,000 or more population.

A Census Agglomeration refers to the region labour market area of an urbanized core housing between 10,000 and 99,999 population. CMA's and CA's are created by Statistics Canada and are usually known by the name of the urban area forming their urbanized core. They contain whole municipalities (or census subdivisions) and are comprised of:

1. Municipalities if (a) at least 40% of the employed labour force living in the municipalities work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.
2. Other municipalities if (a) at least 40% of the employed labour force living in the municipality work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.