Manitoba

HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

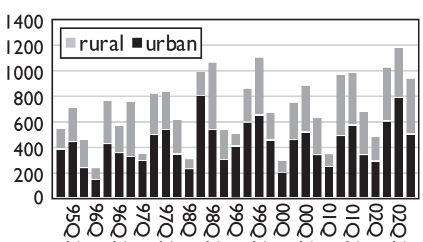
FOURTH QUARTER 2002

New Home Market

Housing Starts End Year on a High Note

During the last three months of 2002, residential construction activity in Manitoba jumped almost 40 per cent compared to the last quarter of 2001. Thanks to firm demand and a mild start to the winter season, builders in the province were able to maintain a strong pace of construction and recorded a total of 938 starts in the last quarter of 2002 compared to 674 in the last quarter of the previous year. Urban housing starts saw the greatest increase in activity, recording results almost 50 per cent above the fourth quarter results of the previous year, with all urban centres recording year over year increases. The fourth quarter totals for the urban areas of the province show an increase in single-family activity, with single-family starts being 41 per cent higher than last year's totals for the same period. As well, there was an increase in multi-family activity in the urban areas which, at 89 units, almost doubled the fourth quarter performance of 2001. Housing starts in the rural areas during the last three months of 2002 saw a slightly more modest increase of 30 per cent over the same period of 2001. Most of this growth can be attributed to multi-family starts as there were 66 rural multi-family starts in the fourth quarter of 2002 compared to just five starts in the fourth quarter of 2001. Rural single-family starts in the province saw a slight increase of 12 per cent in the last three months of 2002, compared to the same period in the previous year.

Manitoba Total Housing Starts



Source: CMHC

Year-end Results Strong for Manitoba's New Home Market

With a total of 3,617 units in 2002, the Manitoba new home market finished 22 per cent ahead of the total for 2001, and posted its best performance since 1989. Thanks to a stable provincial economy and historically low interest rates, housing demand has been very strong. Add to this mix a steadily decreasing supply of homes on the resale market and potential new home buyers are increasingly forced to look to the new home market to meet their needs. Manitoba homebuilders have therefore been responding to this demand. The urban areas have lead the way with a 33 per cent increase in housing activity in 2002 as compared to the previous year. All of Manitoba's urban centres except Thompson recorded growth in housing starts last year. Housing starts in the Winnipeg CMA saw an increase of 24 per cent over the total for 2001, while Brandon, Portage la Prairie and St. Andrews all more than doubled their totals from the preceding year. Rural areas on the other hand did not see as strong an increase in new housing construction in 2002, recording a modest increase of 9 per cent over 2001. Rural housing starts accounted for 40 per cent of all starts in Manitoba in 2002, down from 45 per cent in 2001.

IN THIS ISSUE:

ANALYSIS

STATISTICAL TABLES

CMHC SCHL

HOME TO CANADIANS

Canada

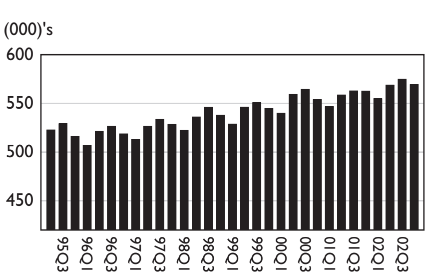
New Single-Family Construction Strong Across the Province

Single-family construction in the province saw strong increases in both the rural and urban areas, however these increases were more pronounced in the urban areas. In 2002, urban areas recorded an increase in single-family starts of 28 per cent over the previous year while rural areas recorded an increase of 16 per cent. However, not all urban areas recorded an increase in single-family activity, notably, Portage la Prairie recorded a decrease of 28 per cent. This represents the construction of eight fewer single-family homes in Portage la Prairie in 2002, as compared to 2001. This decrease was offset by increased activity in Brandon and St. Andrews who each saw single-family starts more than double in 2002. The Winnipeg CMA also recorded a strong increase in single-family construction activity with a gain of 23 per cent over 2001. The Winnipeg CMA still dominates the provincial housing starts with 88 per cent of all single-family construction in the urban centres and just over 50 per cent of all single-family starts in Manitoba.

Multi-Family Construction Up in Urban Centres

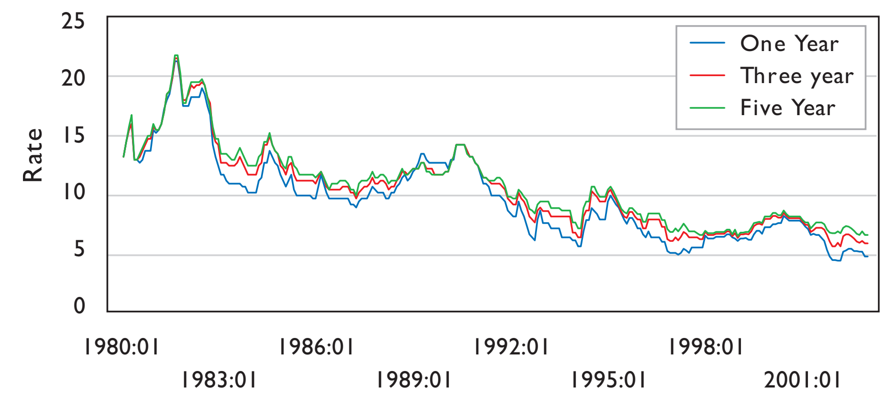
During 2002 multi-family construction in the entire province increased by almost 20 per cent, going from 503 units in 2001 to 601 units in 2002. While in 2001 the distribution of multi-family activity was split almost evenly between urban and rural areas, in 2002 most of the activity (73 per cent) was in urban areas. Rural areas experienced a drop of 27 per cent in multi-family construction, while urban areas experienced a jump in activity of 57 per cent during the past year. The City of Winnipeg itself recorded 28 per cent more multi-family starts in 2002 as compared to 2001. The most significant increases in activity, however, came from the centres of Brandon and Portage la Prairie. Brandon more than doubled the number of multi-family starts recorded this past year over the previous year, increasing from 38 units in 2001 to 81 units in 2002. Portage la Prairie on the other hand, while recording a decrease in single-family starts over the past year, saw an increase of more than ten fold in the number of multi-family starts recorded, going from 6 units in 2001 to 64 units in 2002.

Manitoba Average Employment



Source: Statistics Canada

Typical Mortgage Rates — Chartered Banks



Source: Statistics Canada

Activity returns to normal levels

Over the past few years, housing activity in Manitoba has been very steady due to a stable economy and household growth below the national average. However, over the past twelve months, low mortgage rates have propelled the housing market in Manitoba to its best performance in over a decade. With mortgage rates forecast to rise through 2003, activity in the housing sector will move back close to levels of the late 1990s.

In 2002, economic growth has translated into job growth for Manitoba and Winnipeg, however, Manitoba is continuing to lose workers to Alberta, British Columbia and Ontario. With overall migration levels expected to remain negative in 2003, household growth will remain sluggish and employers will continue to have difficulties finding skilled workers to fill vacant jobs. Consequently, job creation and household growth will not fuel housing starts to the same levels in 2003.

Mortgage rates expected to rise

Slower economic growth at home and south of the border will help keep mortgage rates low over the next several months. However, concerns over the accelerating pace of economic growth and inflation will lead to a less relaxed monetary policy and will push up bond yields and mortgage rates by the second half of 2003. While open and variable rate mortgages generally track lenders' prime rate, fixed rate mortgages move in tandem with the bond market. Mortgage rates will continue to remain low by historical standards. The one-year closed mortgage rate is forecast to be in the 4.50-7.00 per cent range over the next fourteen months. The three-year and five-year term mortgage rates will be in the 5.50-8.00 and 6.50-8.50 per cent ranges, respectively for the rest of this year and next. However, there are risks to the forecasts such as the performance of the U.S. economy and further volatility in capital markets, which could result in mortgage rates falling outside the forecast range.

For More Information,
please Contact:

Dianne Himbeault, MCIP
Senior Market Analyst

Telephone: (204) 983-5648
E-mail: dhimbeau@cmhc-schl.gc.ca

Table 1

PROVINCE OF MANITOBA
STARTS ACTIVITY BY AREA - 4TH QUARTER 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	SEMI	ROW	APT	2002	2001	2002/2001
WINNIPEG CMA	**361**	**273**	**6**	**0**	**32**	**399**	**312**	**27.88**
WINNIPEG CITY	266	194	6	0	32	304	233	30.47
BRANDON CA	26	11	0	4	47	77	17	**
PORTAGE LA PRAIRIE CA	5	0	0	0	0	5	0	**
ST.ANDREWS CA	16	7	0	0	0	16	7	**
THOMPSON CA	1	0	0	0	0	1	0	**
MANITOBA (URBAN)	**409**	**291**	**6**	**4**	**79**	**498**	**336**	**48.21**
MANITOBA (RURAL)	**374**	**333**	**26**	**8**	**32**	**440**	**338**	**30.18**
MANITOBA (TOTAL)	**783**	**624**	**32**	**12**	**111**	**938**	**674**	**39.17**

Table 1b

PROVINCE OF MANITOBA
STARTS ACTIVITY BY AREA - JANUARY TO DECEMBER 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	SEMI	ROW	APT	2002	2001	2002/2001
WINNIPEG CMA	**1528**	**1238**	**24**	**9**	**260**	**1821**	**1473**	**23.63**
WINNIPEG CITY	1117	906	24	9	260	1410	1135	24.23
BRANDON CA	99	47	2	20	59	180	85	**
PORTAGE LA PRAIRIE CA	21	29	2	15	47	85	35	**
ST.ANDREWS CA	80	38	0	0	0	80	38	**
THOMPSON CA	1	2	0	0	0	1	2	-50.00
MANITOBA (URBAN)	**1729**	**1354**	**28**	**44**	**366**	**2167**	**1633**	**32.70**
MANITOBA (RURAL)	**1287**	**1106**	**40**	**32**	**91**	**1450**	**1330**	**9.02**
MANITOBA (TOTAL)	**3016**	**2460**	**68**	**76**	**457**	**3617**	**2963**	**22.07**

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

Table 2
MANITOBA HOUSING COMPLETIONS BY AREA
4TH QUARTER 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	SEMI	ROW	APT	2002	2001	2002/2001
WINNIPEG CMA	**328**	**330**	**14**	**0**	**32**	**374**	**337**	**10.98**
WINNIPEG CITY	211	210	14	0	32	257	217	18.43
BRANDON CA	29	12	0	4	19	52	24	**
PORTAGE LA PRAIRIE CA	7	7	2	8	0	17	7	**
ST.ANDREWS CA	14	13	0	0	0	14	13	7.69
THOMPSON CA	0	10	0	0	0	0	10	**
MANITOBA (URBAN)	**378**	**363**	**16**	**12**	**51**	**457**	**382**	**19.63**
MANITOBA (RURAL)	**444**	**348**	**10**	**8**	**24**	**486**	**511**	**-4.89**
MANITOBA (TOTAL)	**822**	**711**	**26**	**20**	**75**	**943**	**893**	**5.60**

Table 2b
MANITOBA HOUSING COMPLETIONS BY AREA
JANUARY TO DECEMBER 2002

	Single		Multiple			Total		Chg
AREA	2002	2001	SEMI	ROW	APT	2002	2001	2002/2001
WINNIPEG CMA	**1293**	**1247**	**46**	**28**	**218**	**1585**	**1542**	**2.79**
WINNIPEG CITY	930	894	46	28	218	1222	1183	3.30
BRANDON CA	90	48	2	16	25	133	90	47.78
PORTAGE LA PRAIRIE CA	26	35	2	17	0	45	35	28.57
ST.ANDREWS CA	61	46	0	0	0	61	46	32.61
THOMPSON CA	1	1	0	0	0	1	1	0.00
MANITOBA (URBAN)	**1471**	**1377**	**50**	**61**	**243**	**1825**	**1714**	**6.48**
MANITOBA (RURAL)	**1395**	**1229**	**21**	**41**	**24**	**1481**	**1439**	**2.92**
MANITOBA (TOTAL)	**2866**	**2606**	**71**	**102**	**267**	**3306**	**3153**	**4.85**

*** 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 - 4TH QUARTER 2002

	< $100,000	$100,000 -119,999	$120,000 -149,999	$150,000 -199,999	$200,000 -249,999	$250,000 +	Total
WINNIPEG CMA	**12**	**3**	**38**	**173**	**73**	**69**	**368**
WINNIPEG CITY	7	2	25	112	61	43	250
RURAL MUNICIPALITIES	5	1	13	61	12	26	118

Table 3b

PROVINCE OF MANITOBA - CENTRES OF 50,000 POPULATION AND OVER SINGLE FAMILY HOMES - ABSORBED BY PRICE RANGE - 4TH QUARTER 2001

	< $100,000	$100,000 -119,999	$120,000 -149,999	$150,000 -199,999	$200,000 -249,999	$250,000 +	Total
WINNIPEG CMA	**11**	**22**	**43**	**160**	**48**	**39**	**323**
WINNIPEG CITY	4	4	38	114	30	21	211
RURAL MUNICIPALITIES	7	18	5	46	18	18	112

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

AREA	Single 2002	Single 2001	Multiple SEMI	Multiple ROW	Multiple APT	Total 2002	Total 2001	Chg 2002/2001
WINNIPEG CMA	**655**	**421**	**6**	**8**	**229**	**898**	**663**	**35.44**
WINNIPEG CITY	460	273	6	8	229	703	515	36.50
BRANDON	16	7	0	4	47	67	7	**
PORTAGE LA PRAIRIE CA	8	13	0	4	47	59	19	**
ST. ANDREWS CA	31	12	0	0	0	31	12	**
THOMPSON	1	1	0	0	0	1	1	0.00
MANITOBA (URBAN)	**711**	**454**	**6**	**16**	**323**	**1056**	**702**	**50.43**
MANITOBA (RURAL)	**398**	**507**	**26**	**17**	**67**	**508**	**540**	**-5.93**
MANITOBA (TOTAL)	**1109**	**961**	**32**	**33**	**390**	**1564**	**1242**	**25.93**

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

AREA	Single 2002	Single 2001	Multiple SEMI	Multiple ROW	Multiple APT	Total 2002	Total 2001	Chg 2002/2001
WINNIPEG CMA	**90**	**148**	**4**	**14**	**16**	**124**	**172**	**-27.91**
CITY ONLY	70	120	4	12	16	102	140	-27.14
RURAL MUNICIPALITIES	20	28	0	2	0	22	32	-31.25

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	Total
STARTS										
4th Quarter 2002	409	6	0	0	0	4	79	0	0	498
4th Quarter 2001	291	20	0	19	0	6	0	0	0	336
Jan. to Dec. 2002	1729	28	7	9	81	28	285	0	0	2167
Jan. to Dec. 2001	1354	40	0	38	15	26	76	0	84	1633
UNDER CONSTRUCTION										
December 2002	711	6	0	12	73	4	250	0	0	1056
December 2001	454	28	0	33	39	0	64	0	84	702
COMPLETIONS										
4th Quarter 2002	378	16	0	0	45	12	6	0	0	457
4th Quarter 2001	363	4	0	5	0	4	6	0	0	382
Jan. to Dec. 2002	1471	50	3	34	60	24	99	0	84	1825
Jan. to Dec. 2001	1377	28	0	19	61	20	209	0	0	1714
COMPLETED & NOT ABSORBED[2]										
December 2002	90	4	0	14	0	0	0	0	16	124
December 2001	148	9	0	11	0	0	4	0	0	172
TOTAL SUPPLY[3]										
December 2002	801	10	0	26	73	4	250	0	16	1180
December 2001	602	37	0	44	39	0	68	0	84	874
ABSORPTIONS[2]										
4th Quarter 2002	406	15	0	1	45	8	6	0	0	481
4th Quarter 2001	339	4	0	2	0	4	34	0	0	383
12-month Average	116	4	0	3	5	2	8	0	6	144

[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.