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HOUSING FACTS

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Canada Mortgage and Housing Corporation

NOVEMBER STARTS REMAIN AT HIGH LEVEL

The seasonally adjusted annual rate¹ of housing starts was 213,000 in November, compared to 237,300 in October.

Despite the decline in the rate of housing starts in November, the high level of activity continues to reflect a robust pace of housing construction across the country.

Demand for home ownership remains strong, supported by favourable mortgage rates and an improving labour market. Year-to-date, actual starts have exceeded last year's level by 6.5 per cent.

In November, urban single starts increased 3.5 per cent to 104,400 units at seasonally adjusted annual rates compared to 100,900 units the previous month. This increase was reflected in all regions of the country except in the Atlantic region where

urban single starts decreased slightly. Canada-wide, year-to-date actual urban single starts are 3.2 per cent lower compared to the same period in 2002.

The seasonally adjusted annual rate of urban multiple starts dropped 25.2 per cent to 82,700 units in November compared to 110,500 units in October. The majority of the decrease occurred in Ontario with decreases also being observed in British Columbia and the prairie provinces. The seasonally adjusted annual rate of urban multiple starts rose in Quebec and the Atlantic region. Nationally, year-to-date actual urban multiple starts increased 19.7 per cent compared with the same period in 2002.

Rural starts in November were estimated at a seasonally adjusted annual rate of 25,900 units. ■

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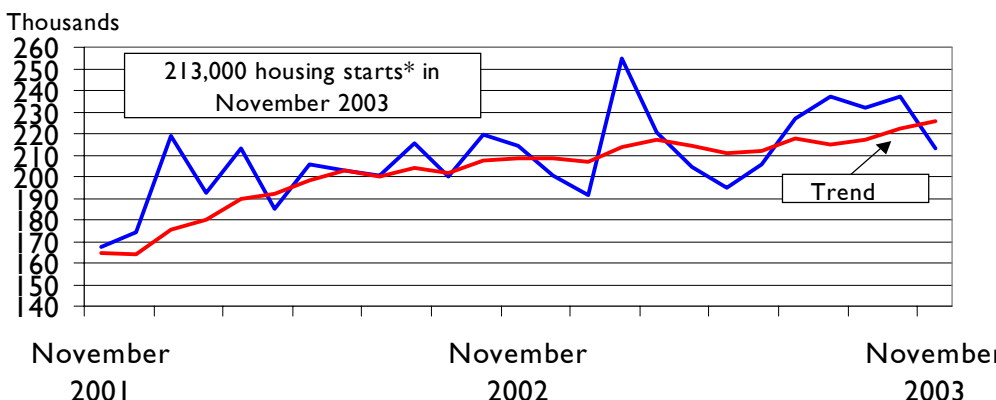
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Housing Starts in Canada - All Areas*



Source: CMHC

*Seasonally adjusted at annual rates

¹ See note on page 2.



HOME TO CANADIANS
Canada

I. All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

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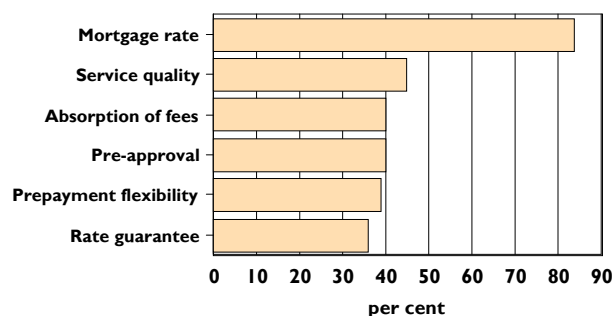
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Competitive mortgage rate is critical when considering a lender

A recent survey of mortgage holders shows that over 80 per cent of mortgage holders consider a competitive mortgage rate as the most important factor in choosing a lender.

- Advances in telecommunications have helped consumers become more educated and market savvy in recent years when it comes to choosing a mortgage lender.
- According to the latest Financial Industry Research Monitor (FIRM) Survey results, over 80 per cent of mortgage holders consider the lowest mortgage rate to be the most important factor in choosing a lender. This is up from the 60 per cent level that had been the case since 2000.
- In British Columbia, mortgage holders are most sensitive to mortgage rate competition. Almost 90 per cent of mortgage holders in British Columbia claimed that low mortgage rates were the most important factor when choosing a lender. In Quebec and Atlantic Canada, only three quarters of mortgage holders claimed that low mortgage rates was the most important factor in choosing a lender.
- As seen in the graph below, other factors such as mortgage pre-approval, lender's willingness to absorb fees, such as appraisal, legal, and renewal fees, greater pre-payment flexibility, and service quality such as convenience of having all financial business with one financial institution or service outside the branch, were also ranked high by mortgage holders in considering a lender.
- Therefore, current mortgage holders, when considering a lender, require a competitive mortgage rate first and foremost, with the quality of service a far second.

The most important factors in selecting a mortgage lender according to current mortgage holders surveyed



Sources: CMHC, Clayton Research and Ipsos-Reid, The Firm Residential Mortgage Survey, June 2003

Increased spending in Household Repairs and Renovations for 2002

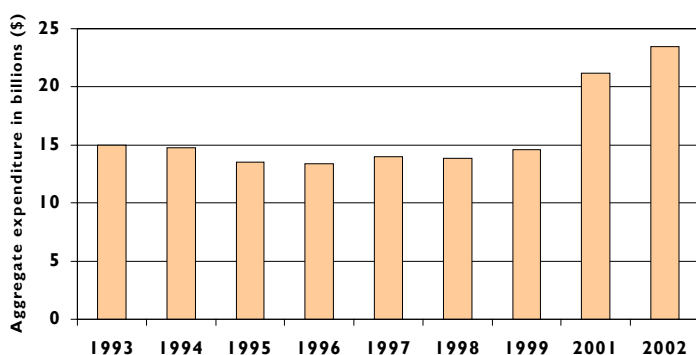
Homeowner households in Canada spent over \$23 billion on repairs and renovations in 2002, with the average amount spent by homeowners who reported at least one or more renovation and repair in 2002 was \$2,910.

- According to Statistics Canada's 2002 Homeowner Repair and Renovation Expenditure Survey results, 76 per cent of the 8.1 million homeowner households in Canada reported at least one repair or renovation expenditure in 2002 totaling \$23,443 million. This is an increase of 10.6 per cent from 2001, when 7.8 million homeowner households spent \$21,188 million. The average amount spent by homeowners who reported to have taken on at least one or more repair and renovation across Canada in 2002 was \$2,910, up 8.6 per cent from the previous year. On average, two-thirds of the amount spent on repairs and renovations were dedicated to work contracted out, while the remaining one-third was spent on materials purchased separately by the homeowner. These proportions remain consistent with past years.

lower incomes. What is observed is that households with incomes over \$80,000, which make up 21 per cent of the total homeowner household population in Canada, account for 33.1 per cent of the total amount spent on repairs and renovations, while households with incomes of \$20,000 to \$39,999, with a comparable 21 per cent of the homeowner population, account for only 15.6 per cent of the total amount spent.

- The survey shows that the average expenditure by household with dwellings built before 1946 was \$4,202, while newer homes built after 1991, which tend to require less work, saw an average expenditure of \$2,504, which was less than the overall average spent by homeowners who reported at least one or more repair and renovation (\$2,910) in 2002. The houses built between 1946 and 1990, on average spent \$2,879 in 2002 on repairs and renovations.

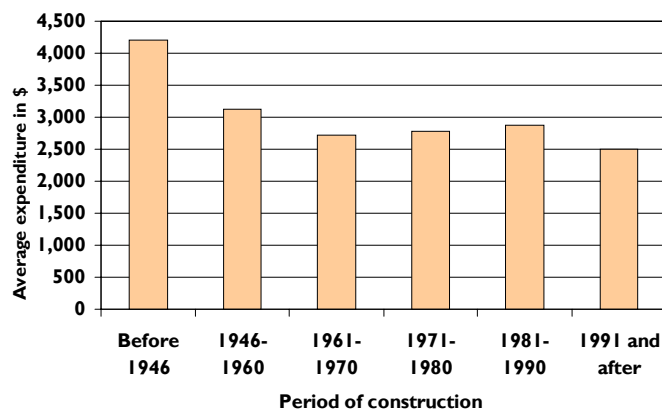
Total Homeowner Repair and Renovation Expenditure in Canada increasing



Sources: Statistics Canada, Homeowner Repair and Renovation Expenditure (#62-201), CMHC

continued on page 4....

More work done in 2002 on older houses



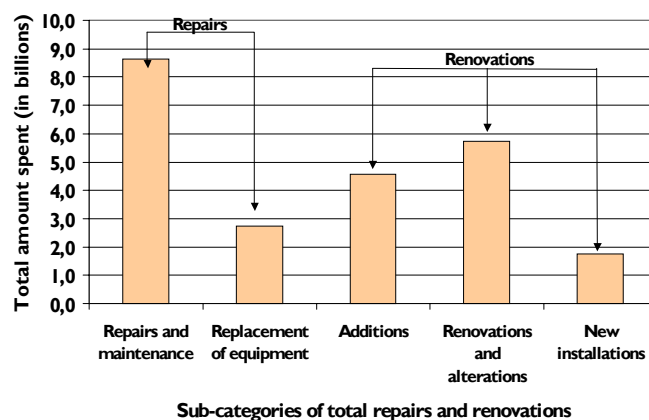
Sources: Statistics Canada, Homeowner Repair and Renovation Expenditure (#62-201), CMHC

- The survey results also show that households with larger incomes tend to spend more on repairs and renovations than households with

Continued: Increased spending in Household Repairs and Renovations for 2002

- Breaking down repairs and renovation expenditures by type, spending on repairs and maintenance such as painting, complete re-roofing and outdoor patio, fence and driveway repairs, accounted for the largest amount of aggregate expenditure in 2002 with \$8,633 million having been spent. Renovations and alterations came in second with \$5,723. The most frequent repair and maintenance expenditure in 2002 was painting (interior and exterior), with 44.6 per cent of all homeowner households claiming to have taken on some form of painting in 2002. Other frequent repairs and renovations in 2002 were plumbing (15.8%), outdoor patios, fences and driveway repairs and maintenance (14.2%), and heating and air-conditioning repairs and maintenance (14.4%).

Repair and maintenance spending in 2002



Sources: Statistics Canada, Homeowner Repair and Renovation Expenditure (#62-201), CMHC

2004 Outlook: Expect housing construction to moderate

Housing starts are expected to cool down in 2004 following a 14-year record set in 2003.

- The latest edition of **CMHC's Canadian Housing Outlook** reported that starts are forecasted to reach 204,100 units in 2004, after reaching a 14-year record high in 2003 of 218,500 starts. The expected moderation in the level of starts for 2004 will be due to more balance between listings and sales in the existing home market and rising mortgage rates.
- Activity in the existing home market remained strong in 2003 and MLS[®] resales are expected to set a new record in 2003. Rising mortgage rates, coupled with higher house prices will mean fewer sales in 2004. The move toward more balanced conditions in the existing home market will decrease the spillover of individuals moving from the resale market into the new home market and will eventually temper the demand for new housing.
- More balanced conditions in the existing home market will slow the growth in house prices for 2004 relative to the 2003 pace. The average resale price growth is expected to be 4.8 per cent in 2004 slowing from the expected average price increase of 9.3 per cent in 2003.

Key forecast numbers

	2002	2003(F)	2004(F)
Housing starts	205,034	218,500	204,100
Number of resales	420,676	429,800	412,000
Average resale price (\$)	188,168	205,700	215,600

Sources: CMHC, Canadian Real Estate Association (CREA)

Average mortgage debt in Canada

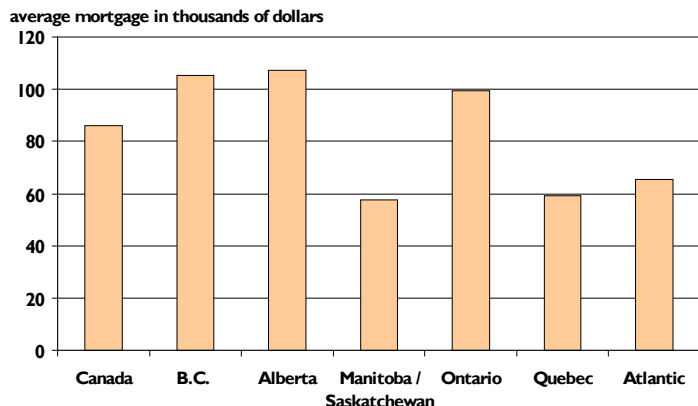
The average mortgage debt in Canada was \$86,000 per mortgage holder as of June 2003.

- Canadians place a high value on homeownership and invest large amounts of money and effort into their homes. Lower mortgage rates over the past few years have helped reduce the mortgage carrying costs, in spite of rising house prices and have encouraged many renter households to become owner households thus attaining their homeownership dreams.
- This increase in homeownership has led to a substantial growth in the household mortgage debt with Residential Mortgage credit outstanding exceeding \$532 billion in the fall of 2003. According to the June 2003 Financial Industry Research Monitor (FIRM) Survey results, the average mortgage debt is about \$86,000 per mortgage holder, up from about \$82,000 in June 2002.
- Looking across Canada, homeowners in Alberta lead the way with an average mortgage debt level of \$107,000, while their counterparts in Manitoba and Saskatchewan carry the smallest mortgage debt at around \$57,000. Demographic factors, especially the age structure of individuals in Alberta, who tend to

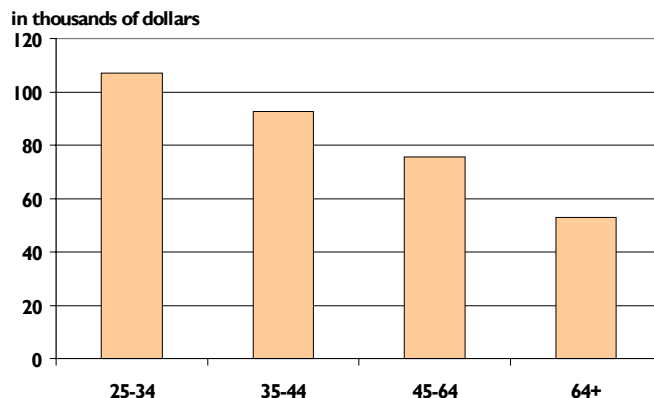
be younger, contribute to the higher average mortgage debt held. As well, the recent jump in house prices in Alberta has contributed to this situation more so than in the past when the price increases were smaller.

- Overall, the size of the average mortgage tends to decline with age, with those falling into the age group 25 to 34 carrying the largest loans, averaging \$107,000 per mortgage holder. In general, people in this age group are first time buyers who have very little equity, compared to second round buyers. Thus, the large average mortgage debt faced by the first-time buyer, in the younger age group, will decrease as they gain equity in their homes.

Alberta has the highest average mortgage debt



Average mortgage loan falls as borrowers age and repay more of their debt



Sources: CMHC, Clayton Research and Ipsos-Reid, The Firm Residential Mortgage Survey, June 2003

Sources: CMHC, Clayton Research and Ipsos-Reid, The Firm Residential Mortgage Survey, June 2003

This Month's Housing Data (SAAR)

	2002	2003:1	2003:2	2003:3	2003:09	2003:10	2003:11
Housing starts, units, 000s							
Canada. Total. All areas	205.0	222.2	201.7	230.7	232.2	237.3	213.0
Per cent change from previous period	26.0	5.0	-9.2	14.4	-1.1	2.2	-10.2
Canada. Total. Rural areas	25.9	31.5	24.5	27.2	27.2	25.9	25.9
Per cent change from previous period	26.7	22.6	-22.2	11.0	0.0	-4.8	0.0
Canada. Total. Urban areas	179.1	190.7	177.2	203.5	205.0	211.4	187.1
Per cent change from previous period	25.9	2.6	-7.1	14.8	-1.3	3.1	-11.5
Canada. Single. Urban areas	103.1	97.0	97.2	101.8	100.6	100.9	104.4
Per cent change from previous period	31.8	-9.3	0.2	4.7	0.1	0.3	3.5
Canada. Multiple. Urban areas	76.1	93.7	80.0	101.7	104.4	110.5	82.7
Per cent change from previous period	18.7	18.6	-14.6	27.1	-2.5	5.8	-25.2
Newfoundland. Total. All areas	2.4	1.6	3.0	2.5	2.5	3.5	3.0
Per cent change from previous period	35.3	-42.9	87.5	-16.7	-10.7	40.0	-14.3
Prince Edward Island. Total. All areas	0.8	0.9	1.6	0.7	0.6	1.2	1.1
Per cent change from previous period	14.8	28.6	77.8	-56.3	20.0	100.0	-8.3
Nova Scotia. Total. All areas	5.0	9.9	4.2	4.9	4.5	3.6	5.5
Per cent change from previous period	21.5	67.8	-57.6	16.7	-6.3	-20.0	52.8
New Brunswick. Total. All areas	3.9	3.7	5.1	4.7	4.3	3.5	3.4
Per cent change from previous period	11.6	-27.5	37.8	-7.8	-6.5	-18.6	-2.9
Quebec. Total. All areas	42.5	46.8	43.2	56.5	56.3	53.4	54.1
Per cent change from previous period	53.4	3.3	-7.7	30.8	-7.9	-5.2	1.3
Ontario. Total. All areas	83.6	90.2	79.0	85.9	86.4	95.6	76.6
Per cent change from previous period	14.1	10.8	-12.4	8.7	-0.1	10.6	-19.9
Manitoba. Total. All areas	3.6	3.5	3.8	4.3	4.3	6.3	4.2
Per cent change from previous period	22.1	-5.4	8.6	13.2	-15.7	46.5	-33.3
Saskatchewan. Total. All areas	3.0	3.4	3.7	3.3	3.2	3.7	3.0
Per cent change from previous period	24.4	0.0	8.8	-10.8	-8.6	15.6	-18.9
Alberta. Total. All areas	38.8	38.4	35.4	37.8	38.3	33.7	34.6
Per cent change from previous period	32.8	-3.5	-7.8	6.8	3.8	-12.0	2.7
British Columbia. Total. All areas	21.6	23.8	22.7	30.1	31.8	32.7	27.4
Per cent change from previous period	25.5	1.3	-4.6	32.6	9.7	2.8	-16.2

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

Annual rate of housing starts, urban areas*

	2002	2003:1	2003:2	2003:3	2003:09	2003:10	2003:11
Canada	179.1	190.7	177.2	203.5	205.0	211.4	187.1
Newfoundland	1.6	1.2	2.1	1.6	1.6	2.6	2.1
Prince Edward Island	0.5	0.5	0.6	0.6	0.5	0.5	0.4
Nova Scotia	3.7	8.6	2.9	3.2	2.8	2.1	4.0
New Brunswick	2.6	2.1	3.5	3.1	2.7	2.5	2.4
Québec	33.5	35.2	34.7	45.3	45.1	43.6	44.3
Ontario	79.6	83.9	75.8	81.9	82.4	91.8	72.8
Manitoba	2.2	2.1	2.0	3.1	3.1	5.0	2.9
Saskatchewan	2.4	2.7	2.8	2.6	2.5	2.9	2.2
Alberta	32.7	33.5	31.3	33.6	34.1	28.9	29.8
British Columbia	20.3	20.9	21.5	28.5	30.2	31.5	26.2

* Thousands of units, seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2002	2003:1	2003:2	2003:3	2003:09	2003:10	2003:11
New Housing							
New & unoccupied singles & semis, units 000s	4.8	4.7	4.8	4.6	4.7	4.9	5.1
Per cent change from same period previous year	-16.4	-9.5	-3.4	5.6	5.8	4.6	4.1
New & unoccupied row & apartments, units 000s	5.1	5.2	5.7	5.7	5.6	6.0	5.8
Per cent change from same period previous year	-16.5	-2.8	8.7	19.9	20.4	27.7	17.6
New House Price Index, 1997=100	111.3	114.6	115.9	117.3	117.9	118.4	n.a.
Per cent change from same period previous year	4.1	5.0	4.4	4.8	5.1	5.0	n.a.
Existing Housing							
MLS[®] resales*, units 000s	421.2	415.0	421.8	475.4	469.3	471.5	442.3
Per cent change from same period previous year	10.6	-9.8	2.4	18.0	12.7	9.0	9.8
MLS[®] average resale price**, \$C 000s	188.1	197.7	203.5	208.0	213.3	213.0	216.1
Per cent change from same period previous year	9.5	8.0	8.3	9.7	8.9	12.6	10.8
Mortgage Market							
1-Year Mortgage Rate, % (period average)	5.17	5.05	5.08	4.55	4.55	4.55	4.75
5-Year Mortgage Rate, % (period average)	7.02	6.63	6.20	6.28	6.30	6.40	6.50

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Seasonally adjusted and annualized (SAAR). ** Seasonally adjusted.