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# HOUSING FACTS

April 9, 2001; Volume 6, Number 4

Canada Mortgage and Housing Corporation

## Starts down to 153,800 units in March

The seasonally adjusted annual rate\* of housing starts in Canada fell 1.5 per cent in March to 153,800 units compared with 156,100 in February.

The increase in the annual rate of multiple urban starts (4.3 per cent to 56,100 units) was not sufficient to offset the decrease in single starts, which declined by 5.5 per cent to 78,600 units.

In March, the abundant snowfalls weighed down on the results in the Atlantic Provinces. This was just a hitch, however, and activity is expected to pick up over the next few months in this region.

Housing starts are therefore continuing to do well despite the concerns related to the economic slowdown.

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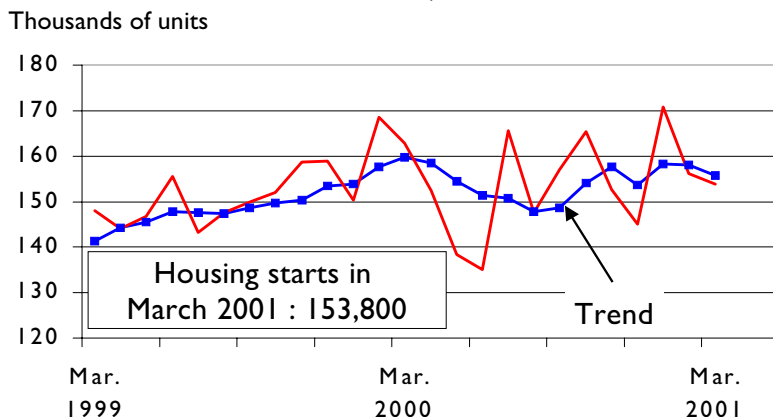
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Housing starts in Canada  
all areas, \*saar



Source: CMHC Housing facts  
\*Seasonally adjusted annual rate



HOME TO CANADIANS  
Canada

**Housing starts - Continued from page 1**

Regionally, the results were mixed. Starts were up in the Prairies (10.1 per cent to the pace of 23,900 units) on account of the major gains posted in the multiple housing segment in Edmonton and Winnipeg. Activity was also on the rise in Ontario (7.5 per cent to 73,100 units), as starts were up significantly in Toronto and Ottawa, in particular. On the other hand, starts were down in British Columbia (-10.9 per cent to 12,200 units), Quebec (-18.4 per cent to 21,700 units), following a solid performance in February, and in the Atlantic Region (-45.7 per cent to 3,800 units).

In the large urban agglomerations, starts reached 39,800 units in Toronto, 14,200 units in Montréal and 8,100 units in Vancouver, at seasonally adjusted annual rates.■

Contributors: Philippe Le Goff, Kevin Hughes, John-John D'Argensio and Ali Manouchehri.

**Questions:**

**Philippe Le Goff at 1-613-748-2933 or plegoff@cmhc-schl.gc.ca**

**To subscribe: 1-613-748-2006 or**

**<http://www.cmhc-schl.gc.ca/mktinfo/store>**

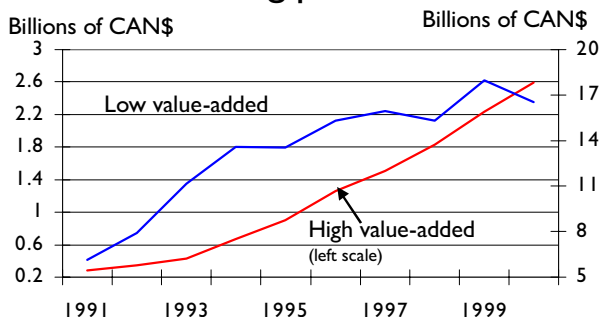
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**Exports: growth in sales of value-added products**

Thanks to a favourable exchange rate with the U.S. dollar, the value of Canadian exports of high value-added housing-related products continued to grow in 2000.

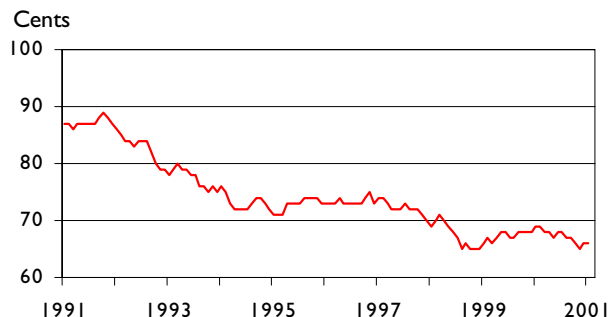
- In 2000, the value of Canadian exports of high value-added housing-related products jumped by 16 per cent to about CAN\$2.6 billion. However, exports of value-added products represented only 13.5 per cent of the total, since most of our housing-related exports are composed of lumber and materials. On the other hand, in 2000, our total housing-related exports dropped by approximately 5 per cent to CAN\$19.1 billion.
- The United States remains our main client, absorbing more than 93 per cent of our high value-added products and more than 83 per cent of our total exports of housing-related products. The growth in exports of our value-added products is healthy in a context where access of Canadian lumber to the American market may be rendered more difficult pending outcome of the on-going softwood lumber negotiation.■

**Growing exports of value-added building products**



Sources: CMHC Housing Facts, Statistics Canada

**Canada-U.S. exchange rate**



Sources: CMHC Housing Facts, Bank of Canada

## New condominiums: difficult to find a unit for under \$100,000

Sales of new units is mainly concentrated in the mid- and high-range segments.

- Apart from in Quebec and the Atlantic Provinces, buying a new unit for under \$100,000 is now a feat. Last year, in urban areas with over 50,000 people, only 5.8 per cent of condominiums (apartments and row homes) sold were priced at under \$100,000. In the case of condominium apartments, the starter product of choice given the high land prices in urban areas, 10,955 units were absorbed on the market in 2000, and only 827 of these were priced under \$100,000, 45 per cent of which were sold in Montréal.
- As such, in markets where renter households must contend with a rental market offering little choice, they can rarely decrease their monthly housing costs by opting for the purchase of a condominium apartment, for which the price is amortized over a long period. Most new condominium units offered on the market require much higher mortgage payments than what is offered on the rental market. Also, condominium fees and acquisition costs must be added to the monthly mortgage payments. However, the calculations are based on posted

### New condominiums sales distribution (%) by price range (thousands of \$)

CMA	Less than 100	100 to 159.9	160 to 200	More than 200
Montréal	37.2	47.8	10.6	4.4
Ottawa	0.0	100.0	0.0	0.0
Hamilton	0.0	52.8	29.3	17.9
Toronto	0.7	34.7	28.0	36.6
Saskatoon	3.8	74.0	22.2	0.0
Calgary	6.8	46.7	21.7	24.8
Edmonton	7.5	67.1	18.0	7.4
Vancouver	0.4	24.0	25.0	50.6
<b>Canada</b>	<b>5.8</b>	<b>42.4</b>	<b>23.3</b>	<b>28.5</b>

Source: CMHC Housing Facts

### New condos median prices<sup>1</sup>, related monthly mortgage payments and rents

CMA	Median price (\$)	Mortgage payments (\$)**	Rental rents (\$)***
Montréal	107,500	731	509
Ottawa	123,500	840	877
Hamilton	162,900	1,108	719
Toronto	199,000	1,353	979
Saskatoon	130,900	890	541
Calgary	152,450	1,037	740
Edmonton	140,625	956	601
Vancouver	203,900	1,387	890

Source: CMHC Housing Facts. \*\* : 5% down payment, 25 years amortization, 5-year rate at 7.25 per cent. \*\*\*2 bedrooms apart. CMHC Survey

<sup>1</sup>: Row and apartments. January to December 2000.

mortgage rates and do not take into account the significant rate discounts that may be granted to buyers.

- For various reasons, particularly profitability, developers of new condominium housing projects currently seem to favour the upscale segment, preferring to register the project built as a condominium and then sell it to individuals or investors—more and more often institutional—which may then choose to rent out all or some of the units in the project in question.
- As well, it is estimated that in Toronto and Vancouver, for example, 20 per cent to 30 per cent of condominium apartments are put up for rent. The target clients, while they can pay the monthly rent, do not always have the financial capacity to accumulate a sufficient down payment to buy a home or simply prefer renting for mobility reasons.■

## Resale market: buyers, sellers or balanced ?

Globally, in 2001 and 2002 the resale market should remain strong with a lack of listings, rises in average MLS price and lower mortgage rates, but conditions vary across the country.

- In B.C., Victoria is moving from a buyers to a balanced market with sales rising, listings steady and price increases modest. Vancouver will remain a buyers market for 2001 except in the niche luxury markets. The volume of sales will be modest for 2001 and 2002, given high prices.
- In the Prairies, Calgary has moved to a balanced from a sellers market due to a rise in new listings. Edmonton's balanced market has not changed since last year. Sales seem to have plateaued due to a scarcity of listings and higher average prices. Calgary and Edmonton will show a slight decrease in sales but will remain strong.
- In Ontario, Toronto and Ottawa market conditions are still tight, remaining sellers markets. In Toronto the number of sales will grow in 2001 but will retreat slightly in 2002 given limited listings. On the other hand, the resale market in Ottawa will grow for the next two years.
- In Québec, Montréal has moved from a balanced market to a sellers market while Québec City remains balanced. In 2001, Both cities will see a rise in sales in 2001, but a lack of listings will limit the number of resales in Québec City in 2002.
- In the Atlantic, Halifax presents a balanced market. Existing home sales will fall slightly as a

### Latest resale market conditions

CMA	2000 q4	2001 q1
Victoria	Buyers	Balanced
Vancouver	Balanced	Buyers
Calgary	Sellers	Balanced
Edmonton	Balanced	Balanced
Toronto	Sellers	Sellers
Ottawa	Sellers	Sellers
Montréal	Balanced	Sellers
Québec City	Balanced	Balanced
Halifax	Balanced	Balanced

result of a continuing scarcity of listings and a dip in demand.

- The shortage of listings in the resale market is lifting MLS prices in all CMAs. Vancouver has the highest average price (\$ 390,000) in Canada attributable to high performing niche markets. At the lower end of the range, Québec city offers the most affordable houses with an average of around \$92,000.■

### MLS annual price growth for CMAs (%)

CMA	2000	2001(F)	2002(F)
Victoria	0.6	1.4	1.0
Vancouver	7.2	3.1	1.0
Calgary	0.5	3.8	3.8
Edmonton	4.5	3.9	3.5
Toronto	6.5	4.0	3.6
Ottawa	9.4	7.5	6.8
Montréal	5.5	6.1	6.6
Québec	1.8	2.8	2.7
Halifax	8.0	-0.6	-0.6

### MLS sales annual growth for CMAs (%)

CMA	2000	2001(F)	2002(F)
Victoria	-2.9	7.3	2.1
Vancouver	-8.9	5.9	3.7
Calgary	-1.8	-0.6	-0.5
Edmonton	4.4	0.4	-0.7
Toronto	-1.0	2.8	-3.3
Ottawa	12.0	8.9	4.7
Montréal	5.8	4.9	0.7
Québec	10.8	3.1	-2.7
Halifax	-4.2	-2.4	1.4

Source: CMHC Housing Facts

Source: CMHC Housing Facts

## Home buyers' Plan in 2000

Nearly 134,000 individuals took advantage of the Home Buyers' Plan in 2000.

- The federal government's Home Buyers' Plan helped nearly 134,000 individuals to realize their homeownership dream last year by enabling them to withdraw more than \$1.4 billion in RRSP funds to purchase homes.
- Since its inception in 1992, more than one million individuals have participated in the program channeling \$10.4 billion to the housing market.
- The average withdrawals ranged from a low of \$7,544 in Manitoba to a high of \$11,870 in Quebec, reflecting the diversity of housing markets, purchasing preferences of home buyers, and financial institutions in the provinces.
- Participation in the program has varied from province to province and over time. Ontario home buyers accounted for over 44 per cent of both participants and amounts withdrawn in 2000. Quebec accounted for 29 per cent of participants and 32 per cent of the amounts withdrawn, followed by British Columbia at about 9 per cent of both participants and funds withdrawn.■

### Home Buyers' Plan in 2000

	Number of participants	Average withdrawal (\$)
Newfoundland	1,030	8,326
P.E.I.	330	7,966
N.S.	2,324	8,868
N.B.	1,524	8,025
Québec	39,030	11,870
Ontario	59,377	10,774
Manitoba	3,086	7,544
Sask.	2,303	8,161
Alberta	12,205	9,016
B.C.	12,541	10,731

Sources: CMHC Housing Facts and Canada Customs and Revenue Agency

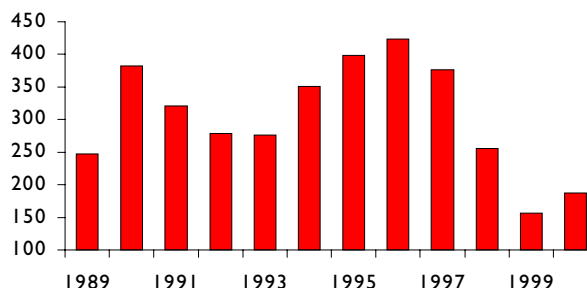
## Sales of new houses over \$1 million

The market share of new houses priced at over \$1 million is decreasing and now represents only about 0.1 per cent of the market.

- In 2000, 182 new houses priced at \$1 million were absorbed on the markets in the 26 metropolitan areas across Canada. This marked a considerable increase of 20 per cent over 1999, which was the lowest year since this data has been compiled.
- The trend in very high-end housing starts seems to follow a cycle independent of the real estate market in general. Economic growth fluctuations, interest rate trends or stock market performances do not explain, from a statistical standpoint, the behaviour of buyers who truly are in a class by themselves.
- Between June 1988 and February 2001, Vancouver registered the most sales of new houses priced at \$1 million or more, with 2,495 units. The influx of very wealthy immigrants from Hong Kong before 1998 is probably the only explanation for the behaviour in

this segment of the market in Canada. Toronto follows with 1,039 units.■

Sales of new houses over \$1 million  
Metropolitan areas



Source: CMHC Housing Facts

## Interprovincial migration and housing starts

Interprovincial migration in Canada is significant. Its impact on the resale market is obvious, but its contribution to new construction is more difficult to measure and forecast.

- In 1999, over 330,000 Canadians moved from one province to another, or 75 per cent more than the international immigration level for the same year. Interprovincial migration is cyclical and varies a great deal from one year to the next. For example, more than 378,000 people left their province for another in 1981, while this figure had dropped by over 100,000 people three years later. For housing markets, this interprovincial migration is a significant, even determining, factor for certain provinces like Alberta.
- The interesting aspect of interprovincial migration is that it impacts on local and national housing markets, without affecting the total population, contrary to international immigration. The degree of mobility (interprovincial and intraprovincial) of households can have a larger or smaller multiplier effect on the national housing stock. This effect is proportional to the mismatch between the characteristics of available dwellings and the needs of migrant households.
- Considering that housing is an immovable and unique set of services (type of home, proximity of certain services, etc.), rather than a homogeneous possession, migrant households will not be able to fully transpose their housing consumption from one market to another. Various constraints linked to the characteristics of the real estate stock in terms of its typology and its greater or lesser affordability in relation to the financial resources of the migrant households will shape the composition of their final consumption.
- The opposite graph illustrates the relationship between the annual interprovincial migration level, composed of the sum of arrivals for each province, and housing starts in Canada. In addition to their cyclical nature, housing starts and interprovincial migration follow parallel trends, while a certain lag of migration flows in relationship to housing starts can be observed. In fact, the statistical analysis shows that there is a relation between the level of starts and interprovincial migration activity.

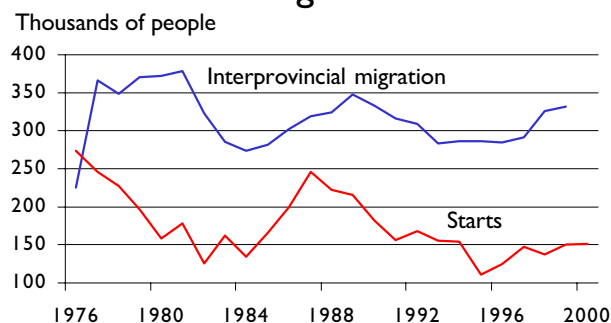
### Shares of interprovincial in- and out-migration in 1999 (per cent)

	Entries	Exits
Newfoundland	3	5
P.E.I.	1	1
Nova Scotia	5	6
New Brunswick	4	4
Québec	7	12
Ontario	25	22
Manitoba	5	6
Saskatchewan	6	7
Alberta	24	16
British Columbia	18	19
Yukon	1	1
N.W.T.	1	1

Sources: CMHC Housing Facts and Statistics Canada

- The fact that, nationally, the starts cycle precedes the migration cycle suggests that household mobility increases (decreases) when the economy expands (slows), as reflected by housing starts. Acceleration of economic growth or differences in prosperity between the regions prompt households to move. At the provincial level, the forerunner movement of housing starts on the migration level is not observed everywhere, even if the parallel trends of the two variables remain more or less pronounced.■

### Interprovincial migration and housing starts



Sources: CMHC Housing Facts and Statistics Canada

## This Month's Housing Data

	2000	Q3:00	Q4:00	Q1:01	M1:01	M2:01	M3:01
<b>Housing starts. units. 000's</b>							
<b>Canada. Total. All areas</b>	<b>151.7</b>	<b>156.6</b>	<b>154.2</b>	<b>160.4</b>	<b>170.7</b>	<b>156.1</b>	<b>153.8</b>
% chg	1.1	10.4	-1.5	4.0	17.7	-8.6	-1.5
<b>Canada. Total. Rural areas</b>	<b>20.6</b>	<b>21.9</b>	<b>19.3</b>	<b>19.1</b>	<b>19.1</b>	<b>19.1</b>	<b>19.1</b>
% chg	-9.9	12.3	-11.9	-1.0	-1.0	0.0	0.0
<b>Canada. Total. Urban areas</b>	<b>131.1</b>	<b>134.7</b>	<b>134.9</b>	<b>141.3</b>	<b>151.6</b>	<b>137.0</b>	<b>134.7</b>
% chg	3.1	10.1	0.1	4.7	20.6	-9.6	-1.7
<b>Canada. Single. Urban areas</b>	<b>74.4</b>	<b>73.2</b>	<b>74.9</b>	<b>80.1</b>	<b>78.1</b>	<b>83.3</b>	<b>78.6</b>
% chg	2.1	0.3	2.3	6.9	5.7	6.7	-5.5
<b>Canada. Multiple. Urban areas</b>	<b>56.7</b>	<b>61.5</b>	<b>60.0</b>	<b>61.2</b>	<b>73.5</b>	<b>53.7</b>	<b>56.1</b>
% chg	4.4	24.7	-2.4	2.0	41.9	-26.9	4.3
<b>Newfoundland. Total. All areas</b>	<b>1.5</b>	<b>1.6</b>	<b>1.5</b>	<b>0.9</b>	<b>1.1</b>	<b>1.1</b>	<b>0.6</b>
% chg	6.4	14.3	-6.2	-40.0	-26.7	0.0	-40.0
<b>Prince Edward Island. Total. All areas</b>	<b>0.7</b>	<b>0.7</b>	<b>0.9</b>	<b>0.7</b>	<b>0.8</b>	<b>0.5</b>	<b>0.7</b>
% chg	15.3	40.0	28.6	-22.2	-20.0	-37.5	40.0
<b>Nova Scotia. Total. All areas</b>	<b>4.4</b>	<b>4.4</b>	<b>3.7</b>	<b>4.5</b>	<b>5.6</b>	<b>5.0</b>	<b>2.9</b>
% chg	4.3	0.0	-15.9	21.6	19.1	-10.7	-42.0
<b>New Brunswick. Total. All areas</b>	<b>3.1</b>	<b>3.6</b>	<b>2.9</b>	<b>3.3</b>	<b>3.7</b>	<b>3.4</b>	<b>2.5</b>
% chg	11.0	56.5	-19.4	13.8	68.2	-8.1	-26.5
<b>Quebec. Total. All areas</b>	<b>24.7</b>	<b>26.0</b>	<b>26.0</b>	<b>27.9</b>	<b>25.7</b>	<b>31.6</b>	<b>26.6</b>
% chg	-4.1	13.5	0.0	7.3	11.7	23.0	-15.6
<b>Ontario. Total. All areas</b>	<b>71.5</b>	<b>74.7</b>	<b>72.7</b>	<b>75.8</b>	<b>79.7</b>	<b>71.4</b>	<b>76.4</b>
% chg	6.4	17.8	-2.7	4.3	15.7	-10.4	7.2
<b>Manitoba. Total. All areas</b>	<b>2.6</b>	<b>2.5</b>	<b>2.6</b>	<b>2.7</b>	<b>2.7</b>	<b>2.8</b>	<b>2.7</b>
% chg	-18.3	-10.7	4.0	3.8	0.0	3.7	-3.6
<b>Saskatchewan. Total. All areas</b>	<b>2.5</b>	<b>2.6</b>	<b>2.3</b>	<b>2.0</b>	<b>2.0</b>	<b>1.6</b>	<b>2.1</b>
% chg	-18.6	0.0	-11.5	-13.0	25.0	-20.0	16.7
<b>Alberta. Total. All areas</b>	<b>26.3</b>	<b>27.4</b>	<b>26.1</b>	<b>25.8</b>	<b>28.9</b>	<b>23.4</b>	<b>25.3</b>
% chg	3.2	4.6	-4.7	-1.1	9.9	-19.0	8.6
<b>British Columbia. Total. All areas</b>	<b>14.4</b>	<b>13.1</b>	<b>15.5</b>	<b>16.8</b>	<b>20.6</b>	<b>15.4</b>	<b>14.0</b>
% chg	-11.6	-14.4	18.3	8.4	57.3	-25.2	-9.7

SOURCE: CMHC

All data are seasonally adjusted at an annual rate, latest month's figures are preliminary.

% chg: Per cent change from previous period.

## Housing starts, urban areas\*

	2000	Q3:00	Q4:00	Q1:01	M1:01	M2:01	M3:01
<b>Canada</b>	131.1	134.7	134.9	141.3	151.6	137.0	134.7
Newfoundland	1.0	1.1	1.1	0.7	0.8	0.8	0.4
Prince Edward Island	0.4	0.4	0.5	0.4	0.5	0.2	0.4
Nova Scotia	3.0	3.0	2.3	2.8	3.9	3.3	1.2
New Brunswick	2.0	2.1	1.9	2.6	3.0	2.7	1.8
Québec	19.9	22.3	20.8	23.0	20.7	26.6	21.7
Ontario	67.4	70.0	69.7	72.5	76.3	68.0	73.1
Manitoba	1.5	1.6	1.4	1.6	1.6	1.7	1.6
Saskatchewan	1.9	2.1	1.5	1.5	1.7	1.3	1.6
Alberta	21.5	21.1	22.4	21.2	24.2	18.7	20.7
British Columbia	12.4	11.0	13.3	15.0	18.9	13.7	12.2

\* Seasonally adjusted.

## This Month's Major Housing Indicators

	2000	Q3:00	Q4:00	Q1:01	M1:01	M2:01	M3:01
<b>New Housing*</b>							
<b>New &amp; unoccupied, singles &amp; semis, 000's</b>	6.32	6.11	6.31	6.20	6.21	6.14	6.20
%chg	0.24	-1.61	2.95	-1.70	-1.58	-1.13	0.98
<b>New &amp; unoccupied, row &amp; apartments, 000's</b>	7.27	8.24	6.54	6.77	6.97	6.82	6.77
%chg	-8.30	1.46	-20.12	3.52	6.57	-2.15	0.73
<b>New house price Index, 1992 = 100</b>	103.22	103.47	104.18	n.a.	104.52	n.a.	n.a.
%chg	2.24	0.52	0.66	n.a.	0.18	n.a.	n.a.
<b>Existing Housing*</b>							
<b>MLS resales, units, 000's</b>	333.70	336.24	333.39	n.a.	353.45	353.81	n.a.
%chg	-0.61	0.95	-0.88	n.a.	11.30	0.10	n.a.
<b>MLS average resale price, \$C, 000's</b>	164.09	164.35	166.33	n.a.	166.21	166.28	n.a.
%chg	3.84	1.42	1.20	n.a.	0.14	0.04	n.a.
<b>Mortgage market</b>							
<b>1-year mortgage rate, %</b>	7.85	7.90	7.83	7.10	7.40	7.20	6.70
<b>5-year mortgage rate, %</b>	8.35	8.25	8.15	7.58	7.75	7.75	7.25

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

chg % change from previous period.

n.a. Figures not available

\* Seasonally adjusted.