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# HOUSING FACTS

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Canada Mortgage and Housing Corporation

## Annual rate of starts rise 10.1 percent in May

The seasonally adjusted annual rate\* of housing starts in Canada increased 10.1 per cent in May to 203,200 units from 184,500 units in April.

Urban singles rose 11.0 per cent to an annual rate of 107,200 units from 96,600 in April while urban multiple starts were up 13.1 per cent to an annual rate of 70,100 units from 62,000. Estimated rural starts remained at a seasonally adjusted annual rate of 25,900 units.

The seasonally adjusted annual rate of single-detached housing starts in May was the highest since January 1990. Single-

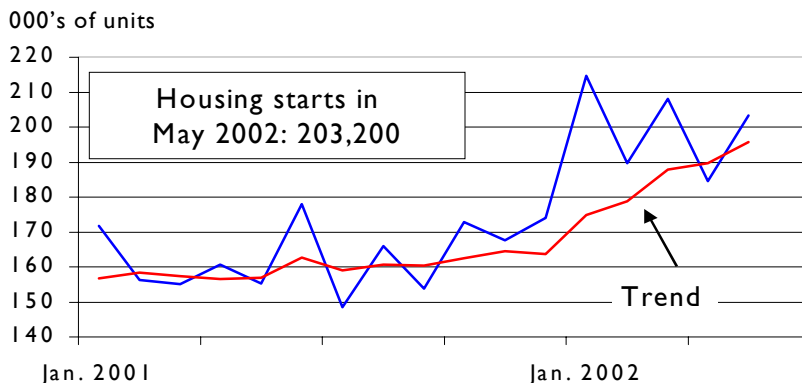
detached starts were up across all regions. British Columbia posted the highest annual rate of single-detached starts since August 1997 while the Prairie region had the highest annual rate since May 1983. The positive trend in this segment reflects the historically low mortgage rates seen earlier in the year.

Actual urban housing starts for January to May this year are 27.8 per cent higher than the same period last year (66,222 units compared with 51,810 units). The single-detached market increased 37.7 per cent while multiples increased 16.7 per cent. ■

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### Housing Starts in Canada - All Areas\*



Source: CMHC Housing Facts  
\* Seasonally adjusted at annual rates

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## Characteristics of home buyers and their intended price range

CMHC's 2001 Consumer Intentions to Buy or Renovate (ITBR) survey contains information on people who intend to buy a home this year and how much they intend to spend.

- Just over 10% of respondents said they intended to buy a house within the next 12 months. Who these people are and how much they are willing to spend may indicate future developments in the housing market.
- Almost half of these people are between the ages of 18-34. This implies that there is a substantial amount of first-time buyers in the market. First-time homebuyers typically focus on the lower price ranges of the market.
- As reflected in the table, the lowest price range was among the most popular. However, 44% of respondents were considering homes costing \$200,000 or more. This may indicate continued house price appreciation in forthcoming months. ■

### Price distribution by intended home buyer

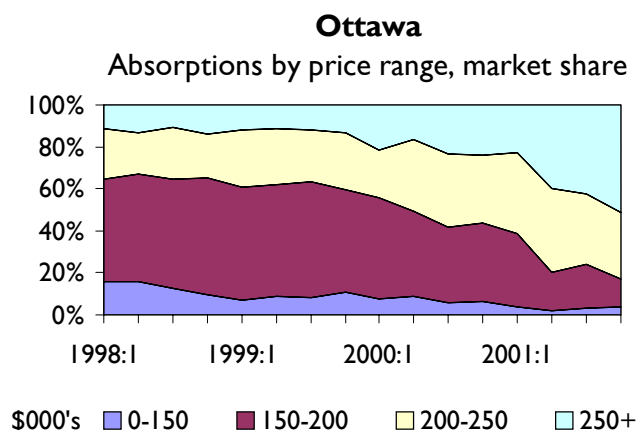
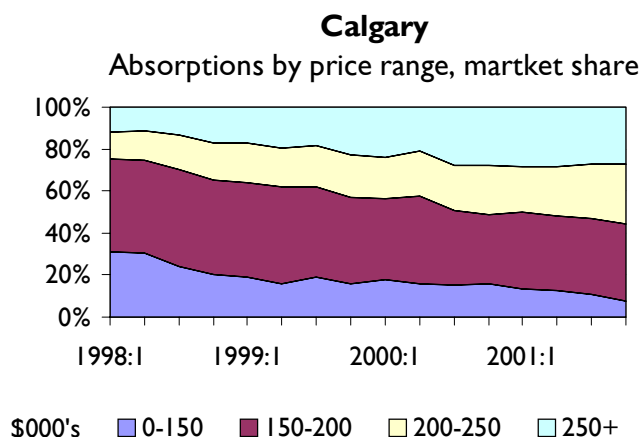
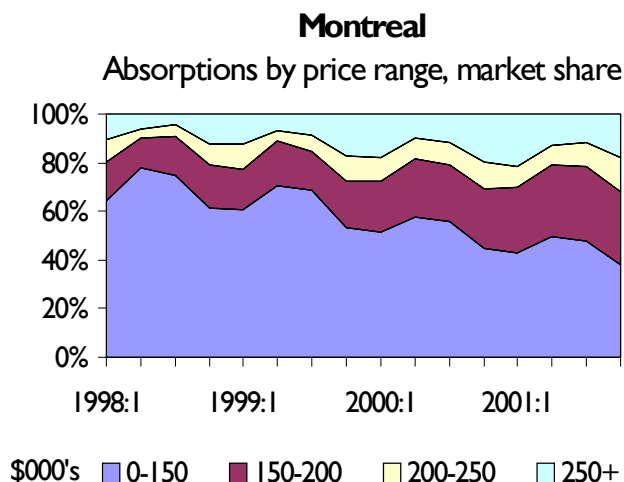
Price (\$000's)	Percentage
0-150	27.0%
150-200	17.8%
200-250	17.5%
250+	26.5%
No response	11.2%
Total	100%

Source: CMHC Housing Facts

## Upward movement in the price range of new homes

As house prices trend up nationwide, a few cities are experiencing significant movement to higher price ranges. In particular, Montreal, Calgary and Ottawa are good examples of this trend.

- In general, house prices have increased in recent months. The shift to higher price ranges has been particularly noticeable in three of Canada's largest cities. The charts show the market share of absorptions by price range for Montreal, Calgary and Ottawa between 1998 and 2001. An absorption is defined as a new home taken off the market by being completed and sold. The clear trend is that the share of the lowest end of the new home market is shrinking as people move up into the middle and higher price ranges.
- This shift from lower to higher priced homes reflects the increased affordability of housing over the past few years resulting from declining mortgage rates. This decline means that the same monthly mortgage payment can carry a higher principal amount and therefore a more expensive house.
- In Montreal, the bottom end of the price range (\$0-\$150,000) went from almost 80% of the total new house market in 1998 to under 40% by the end of 2001. In Calgary the trend was from over 30% to about 8% and in Ottawa the bottom end went from 16% to less than 4% of the new house market.
- In the same period, the higher end of the market has been gaining share in all three cities. The share of the highest price range began 1998 with about a 10% share of the market in all three cities. In Montreal that share rose to just under 18% by the end of 2001. In Calgary the figure is 27% and in Ottawa the figure is 51%. ■



## Impact of population growth on the housing market

Population growth has a large impact on the housing industry. Understanding how this impact works can provide a clearer picture of the housing market. The 2001 census provides information to explain this phenomenon.

- Population growth implies increased demand for housing. When an area experiences high rates of population growth, the reaction of the housing market to this increased demand will be observable through a number of indicators, such as house prices, vacancy rates, resales and housing starts. These indicators can be used to gauge the amount of activity in specific housing markets.
- Higher house prices and lower vacancy rates are both signs that demand is outpacing the supply of housing in the short term. Because of the time required to build a house, supply cannot adjust to changing market conditions as quickly as demand. Higher activity in resales and in housing starts are other indicators of higher demand because centres that have rapid population growth have more buyers in the housing market.
- These relationships between population growth and the housing market come through in the numbers presented in the table below.

The table shows cumulative population growth between 1996-2001, along with averages of the aforementioned housing indicators for the five fastest growing and five fastest declining census metropolitan areas (CMAs<sup>1</sup>) in Canada.

- The faster growing cities had much faster price growth, whether measured by the new house price index or the MLS price measure. Vacancy rates were much lower in faster growing centres. The fastest growing centres had an average vacancy rate of 1.6%, compared to 6.5% for the fastest declining centres. Both resale activity and total housing starts were much higher in the fastest growing centres than in the fastest declining centres. Clearly, centres with rapid population growth have higher housing market activity and therefore present great opportunities for the housing industry.■

	Population %ch 1996-2001	House Price Index %ch 1996-2001	MLS Price %ch 1996-2001	Vacancy Rate avg. 1996-2001	MLS Resales *see below	Housing Starts *see below
Average of five fastest growing CMAs	10.6%	9.6%	16.3%	1.6%	23.4%	12.7%
Average of five fastest declining CMAs	-3.4%	-5.7%	3.0%	6.5%	13.4%	2.8%

Source: CMHC Housing Facts, Canadian Real Estate Board, Statistics Canada

\* total number of starts/resales between 1996 and 2001 divided by estimated number of households in 1996.

<sup>1</sup> CMAs: Urban centres with a population over 100,000. Fastest Growing CMAs: Calgary, Oshawa, Toronto, Edmonton, Vancouver. Fastest Declining CMAs: Sudbury, Thunder Bay, Chicoutimi-Jonquière, Saint John, Trois Rivières.

## This Month's Housing Data (SAAR)

	2001	Q3:01	Q4:01	Q1:02	M3:02	M4:02	M5:02
<b>Housing starts, units, 000's</b>							
<b>Canada. Total. All areas</b>	<b>162.7</b>	<b>156.3</b>	<b>171.6</b>	<b>204.2</b>	<b>208.0</b>	<b>184.5</b>	<b>203.2</b>
% chg	7.3	-5.0	9.8	19.0	9.7	-11.3	10.1
<b>Canada. Total. Rural areas</b>	<b>20.5</b>	<b>18.8</b>	<b>20.1</b>	<b>29.5</b>	<b>29.5</b>	<b>25.9</b>	<b>25.9</b>
% chg	-0.7	-11.3	6.9	46.8	0.0	-12.2	0.0
<b>Canada. Total. Urban areas</b>	<b>142.3</b>	<b>137.5</b>	<b>151.5</b>	<b>174.7</b>	<b>178.5</b>	<b>158.6</b>	<b>177.3</b>
% chg	8.6	-4.0	10.2	15.3	11.5	-11.1	11.8
<b>Canada. Single. Urban areas</b>	<b>78.2</b>	<b>77.8</b>	<b>85.0</b>	<b>97.6</b>	<b>103.2</b>	<b>96.6</b>	<b>107.2</b>
% chg	5.2	5.1	9.3	14.8	3.4	-6.4	11.0
<b>Canada. Multiple. Urban areas</b>	<b>64.1</b>	<b>59.7</b>	<b>66.5</b>	<b>77.1</b>	<b>75.3</b>	<b>62.0</b>	<b>70.1</b>
% chg	13.0	-13.9	11.4	15.9	24.9	-17.7	13.1
<b>Newfoundland. Total. All areas</b>	<b>1.8</b>	<b>2.0</b>	<b>2.1</b>	<b>1.7</b>	<b>1.7</b>	<b>2.0</b>	<b>2.7</b>
% chg	22.5	11.1	5.0	-19.0	-22.7	17.6	35.0
<b>Prince Edward Island. Total. All areas</b>	<b>0.7</b>	<b>0.8</b>	<b>1.1</b>	<b>0.5</b>	<b>0.8</b>	<b>1.1</b>	<b>1.7</b>
% chg	-4.9	100.0	37.5	-54.5	60.0	37.5	54.5
<b>Nova Scotia. Total. All areas</b>	<b>4.1</b>	<b>4.1</b>	<b>4.5</b>	<b>4.3</b>	<b>3.7</b>	<b>4.3</b>	<b>4.8</b>
% chg	-7.7	10.8	9.8	-4.4	-2.6	16.2	11.6
<b>New Brunswick. Total. All areas</b>	<b>3.5</b>	<b>3.4</b>	<b>4.5</b>	<b>2.4</b>	<b>2.6</b>	<b>3.8</b>	<b>3.4</b>
% chg	12.4	3.0	32.4	-46.7	4.0	46.2	-10.5
<b>Quebec. Total. All areas</b>	<b>27.7</b>	<b>25.7</b>	<b>31.0</b>	<b>41.4</b>	<b>40.7</b>	<b>39.1</b>	<b>38.8</b>
% chg	12.1	-3.7	20.6	33.5	0.0	-3.9	-0.8
<b>Ontario. Total. All areas</b>	<b>73.3</b>	<b>70.5</b>	<b>72.7</b>	<b>89.6</b>	<b>87.0</b>	<b>77.4</b>	<b>88.1</b>
% chg	2.5	-6.5	3.1	23.2	7.4	-11.0	13.8
<b>Manitoba. Total. All areas</b>	<b>3.0</b>	<b>2.9</b>	<b>2.8</b>	<b>3.4</b>	<b>3.5</b>	<b>3.2</b>	<b>3.8</b>
% chg	15.7	-14.7	-3.4	21.4	0.0	-8.6	18.7
<b>Saskatchewan. Total. All areas</b>	<b>2.4</b>	<b>2.6</b>	<b>3.0</b>	<b>2.3</b>	<b>1.8</b>	<b>3.2</b>	<b>2.9</b>
% chg	-5.3	44.4	15.4	-23.3	-30.8	77.8	-9.4
<b>Alberta. Total. All areas</b>	<b>29.2</b>	<b>27.9</b>	<b>32.2</b>	<b>39.9</b>	<b>47.2</b>	<b>35.5</b>	<b>36.9</b>
% chg	11.1	-5.7	15.4	23.9	31.5	-24.8	3.9
<b>British Columbia. Total. All areas</b>	<b>17.2</b>	<b>16.4</b>	<b>17.7</b>	<b>18.7</b>	<b>19.0</b>	<b>14.8</b>	<b>20.0</b>
% chg	19.5	-10.9	7.9	5.6	12.4	-22.1	35.1

SOURCE: CMHC

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

% chg: Per cent change from previous period.

## Annual rate of housing starts, urban areas\*

	2001	Q3:01	Q4:01	Q1:02	M3:02	M4:02	M5:02
<b>Canada</b>	<b>142.3</b>	<b>137.5</b>	<b>151.5</b>	<b>174.7</b>	<b>178.5</b>	<b>158.6</b>	<b>177.3</b>
<b>Newfoundland</b>	<b>1.2</b>	<b>1.3</b>	<b>1.5</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>2.3</b>
<b>Prince Edward Island</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>0.7</b>	<b>0.5</b>	<b>1.1</b>
<b>Nova Scotia</b>	<b>2.8</b>	<b>2.6</b>	<b>3.2</b>	<b>3.0</b>	<b>2.4</b>	<b>2.9</b>	<b>3.4</b>
<b>New Brunswick</b>	<b>2.2</b>	<b>2.3</b>	<b>3.5</b>	<b>1.5</b>	<b>1.7</b>	<b>2.7</b>	<b>2.3</b>
<b>Québec</b>	<b>21.9</b>	<b>21.1</b>	<b>25.0</b>	<b>31.6</b>	<b>30.9</b>	<b>31.0</b>	<b>30.7</b>
<b>Ontario</b>	<b>70.3</b>	<b>67.3</b>	<b>69.6</b>	<b>83.2</b>	<b>80.6</b>	<b>71.6</b>	<b>82.3</b>
<b>Manitoba</b>	<b>1.6</b>	<b>1.8</b>	<b>1.5</b>	<b>1.8</b>	<b>1.9</b>	<b>1.7</b>	<b>2.3</b>
<b>Saskatchewan</b>	<b>1.8</b>	<b>1.9</b>	<b>2.4</b>	<b>1.8</b>	<b>1.3</b>	<b>2.0</b>	<b>1.7</b>
<b>Alberta</b>	<b>24.5</b>	<b>24.0</b>	<b>27.9</b>	<b>32.2</b>	<b>39.5</b>	<b>30.6</b>	<b>32.0</b>
<b>British Columbia</b>	<b>15.7</b>	<b>14.7</b>	<b>16.4</b>	<b>17.6</b>	<b>17.9</b>	<b>14.0</b>	<b>19.2</b>

\* Thousands of units, seasonally adjusted.

## This Month's Major Housing Indicators

	2001	Q3:01	Q4:01	Q1:02	M3:02	M4:02	M5:02
<b>New Housing*</b>							
<b>New &amp; unoccupied singles &amp; semis, 000's</b>	<b>5.8</b>	<b>5.7</b>	<b>5.3</b>	<b>5.1</b>	<b>4.9</b>	<b>4.8</b>	<b>n.a.</b>
%chg	-7.0	-3.0	-6.7	-5.5	-1.5	-2.0	n.a.
<b>New &amp; unoccupied row &amp; apartments, 000's</b>	<b>6.1</b>	<b>5.7</b>	<b>5.2</b>	<b>5.2</b>	<b>5.3</b>	<b>5.2</b>	<b>n.a.</b>
%chg	-23.4	-17.1	-8.6	0.4	2.6	-2.4	n.a.
<b>New House Price Index, 1992=100</b>	<b>106.1</b>	<b>106.5</b>	<b>107.1</b>	<b>108.2</b>	<b>108.7</b>	<b>109.4</b>	<b>n.a.</b>
%chg	2.7	0.8	0.5	1.0	0.4	0.6	n.a.
<b>Existing Housing**</b>							
<b>MLS resales, units. 000's</b>	<b>380.6</b>	<b>379.6</b>	<b>424.0</b>	<b>464.9</b>	<b>426.1</b>	<b>443.0</b>	<b>n.a.</b>
%chg	14.0	2.3	11.7	9.6	-8.6	4.0	n.a.
<b>MLS average resale price. \$C, 000's</b>	<b>171.6</b>	<b>173.6</b>	<b>176.7</b>	<b>182.4</b>	<b>186.9</b>	<b>187.9</b>	<b>n.a.</b>
%chg	4.7	2.2	1.8	3.2	2.6	0.5	n.a.
<b>Mortgage Market</b>							
<b>1-Year Mortgage Rate, %</b>	<b>6.14</b>	<b>6.03</b>	<b>4.70</b>	<b>4.80</b>	<b>5.30</b>	<b>5.40</b>	<b>5.55</b>
<b>5-Year Mortgage Rate, %</b>	<b>7.40</b>	<b>7.50</b>	<b>6.87</b>	<b>7.05</b>	<b>7.30</b>	<b>7.45</b>	<b>7.40</b>

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

chg % change from previous period.

n.a. Figures not available

\* Seasonally adjusted.

\*\* Seasonally adjusted at annual rate (SAAR).