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## Local Housing Market Weaker in 3rd Quarter

Housing market performance within the St. John's region was weaker during the third quarter of 2005 as both housing starts and MLS® residential sales declined from the same period a year earlier:

### Housing Starts Down Again

The downward trend in residential construction activity which commenced in early 2005, continued throughout the third quarter: Between July and September housing starts within the St. John's region decreased 10.4 per cent to 501 units. Single-detached starts fell 16.7 per cent to 354 units while multiple starts increased 9.7 per cent to 147 units. When

combined with earlier losses, year-to-date starts have dipped 15.3 per cent to 1,115 units. It should be noted that, while overall activity is below the levels achieved in 2004, they remain strong in historical terms. In fact, this year's activity is still the second highest achieved in this decade and is 12 per cent above the average number recorded over the past six years.

Without a doubt, this year's decline remains closely linked to the sustained increase in the supply of existing dwellings. MLS® active residential listings through the Eastern Newfoundland Real Estate Board advanced 24.1 per cent during the third quarter and are

## St. John's

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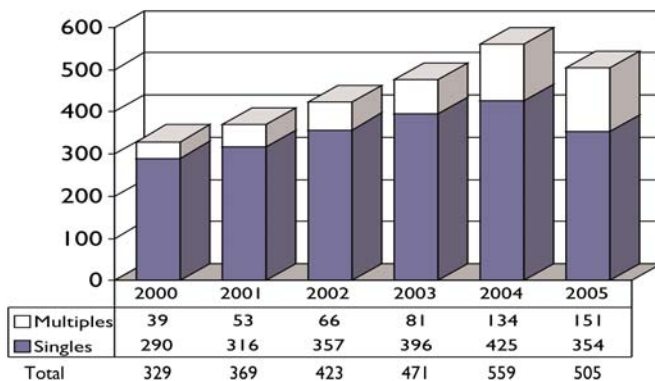
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**Housing Starts by Type  
St. John's CMA  
3rd Quarter**

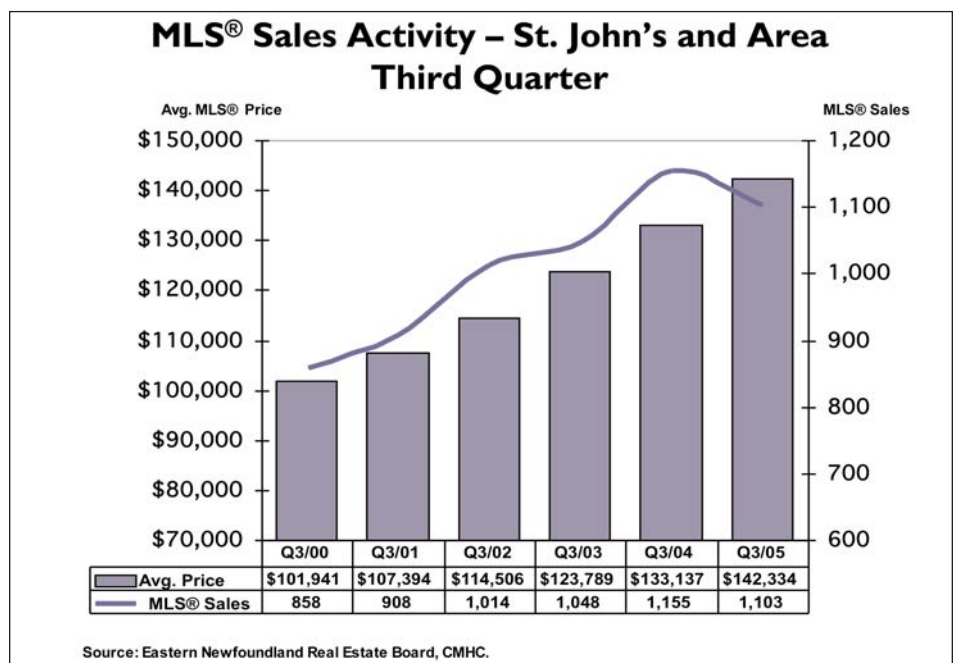
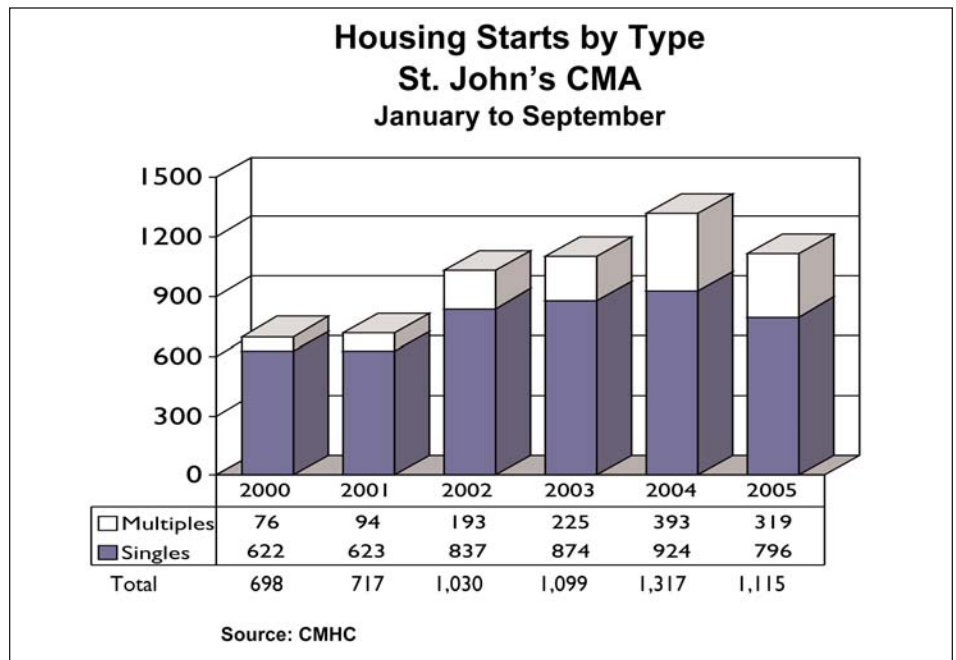


Source: CMHC

30.2 per cent higher than the first nine months of last year. More choice in the marketplace continues to lure buyers away from the new homes market. Rising construction costs are also impacting demand for new homes. In the January to August period of 2004, the average price difference between new single- and semi-detached homes and resale homes in the St. John's area was just short of \$39,000. Over the same period of this year, that difference climbed to more than \$47,000. This growing difference in prices has likely resulted in demand spillover from the new homes market to the resale market. This has also contributed to the decline in housing starts.

### MLS® Residential Sales Also Lower in 3rd Quarter

Similar to residential construction, sales of existing dwellings were also lower during the third quarter. MLS® residential sales through the Eastern Newfoundland Real Estate Board declined 4.5 per cent from the same period in 2004 to 1,103 units. Despite the recent decline, third quarter sales still recorded their second highest level on record. Fewer sales during the third quarter more than offset earlier gains with year-to-date activity down a modest 0.3 per cent to 2,376 homes. Following three years that favoured sellers, the local resale market moved to a balanced position early in the quarter largely due to the sustained increase in supply. Notwithstanding a more balanced market, price growth remained quite strong with the average MLS® residential house price increasing 6.9 per cent to \$142,334. This rate of growth was below the 8.4 per cent recorded during the second quarter. With balanced market conditions expected to prevail throughout 2006, the pace of price growth is also forecast to ease.



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**TABLE 1  
STARTS BY AREA AND DWELLING TYPE  
ST. JOHN'S CMA**

Area/ Period	Single	Semi	Row	Apartment & Other	Total
<b>St. John's City:</b>					
Third Quarter 2005	152	32	9	58	251
Third Quarter 2004	125	60	16	38	239
Year-to-Date 2005	330	84	10	147	571
Year-to-Date 2004	309	168	25	132	634
<b>Conception Bay South:</b>					
Third Quarter 2005	63	0	0	0	63
Third Quarter 2004	100	0	0	0	100
Year-to-Date 2005	151	0	0	0	151
Year-to-Date 2004	211	0	0	0	211
<b>Mount Pearl:</b>					
Third Quarter 2005	7	8	0	0	15
Third Quarter 2004	21	0	0	0	21
Year-to-Date 2005	22	12	0	8	42
Year-to-Date 2004	49	0	0	10	59
<b>Paradise:</b>					
Third Quarter 2005	65	0	0	40	105
Third Quarter 2004	77	2	0	18	97
Year-to-Date 2005	141	2	0	56	199
Year-to-Date 2004	170	2	0	48	220
<b>Torbay:</b>					
Third Quarter 2005	31	0	0	0	31
Third Quarter 2004	33	0	0	0	33
Year-to-Date 2005	60	0	0	0	60
Year-to-Date 2004	53	0	0	6	59
<b>Other Centres:</b>					
Third Quarter 2005	36	0	0	0	36
Third Quarter 2004	69	0	0	0	69
Year-to-Date 2005	92	0	0	0	92
Year-to-Date 2004	132	2	0	0	134
<b>Total St. John's CMA:</b>					
Third Quarter 2005	354	40	9	98	501
Third Quarter 2004	425	62	16	56	559
Year-to-Date 2005	796	98	10	211	1,115
Year-to-Date 2004	924	172	25	196	1,317

Source: CMHC

**TABLE 2  
MLS® RESIDENTIAL SALES ACTIVITY  
ST. JOHN'S AND AREA**

MONTH	SALES	% CHG. PREV.YEAR	ACTIVE LISTINGS	% CHG. PREV.YEAR	TOTAL \$ VALUE	AVERAGE PRICE	% CHG. PREV.YEAR	SALES-TO-LIST RATIO
Jan-02	117	51.9%	843	-4.9%	\$ 12,586,944	\$ 107,581	5.1%	13.9%
Feb-02	145	16.9%	822	-5.6%	\$ 14,796,528	\$ 102,045	0.2%	17.6%
Mar-02	164	6.5%	923	-5.7%	\$ 18,262,972	\$ 111,360	11.2%	17.8%
Apr-02	205	25.0%	956	-2.0%	\$ 22,164,329	\$ 108,119	7.1%	21.4%
May-02	291	26.5%	1,106	-5.2%	\$ 33,312,241	\$ 114,475	12.1%	26.3%
Jun-02	246	-5.4%	1,174	-13.1%	\$ 28,597,464	\$ 116,250	12.8%	21.0%
Jul-02	347	11.2%	1,173	-13.0%	\$ 40,659,334	\$ 117,174	8.2%	29.6%
Aug-02	350	1.2%	1,147	-12.0%	\$ 39,356,201	\$ 112,446	2.0%	30.5%
Sep-02	317	26.8%	948	-29.7%	\$ 36,093,500	\$ 113,860	9.2%	33.4%
Oct-02	258	-5.5%	920	-17.0%	\$ 28,870,033	\$ 111,899	10.8%	28.0%
Nov-02	236	-9.6%	929	-10.1%	\$ 29,150,422	\$ 123,519	14.9%	25.4%
Dec-02	217	-3.1%	650	-16.2%	\$ 27,762,538	\$ 127,938	14.1%	33.4%
<b>TOTAL</b>	<b>2,893</b>	<b>8.1%</b>	<b>11,591</b>	<b>-11.8%</b>	<b>\$ 331,612,506</b>	<b>\$ 114,626</b>	<b>8.9%</b>	<b>25.0%</b>
Jan-03	124	6.0%	761	-9.7%	\$ 15,164,841	\$ 122,297	13.7%	16.3%
Feb-03	124	-14.5%	764	-7.1%	\$ 14,886,788	\$ 120,055	17.6%	16.2%
Mar-03	175	6.7%	833	-9.8%	\$ 19,932,578	\$ 113,900	2.3%	21.0%
Apr-03	176	-14.1%	923	-3.5%	\$ 21,774,656	\$ 123,720	14.4%	19.1%
May-03	269	-7.6%	1,006	-9.0%	\$ 30,694,103	\$ 114,104	-0.3%	26.7%
Jun-03	301	22.4%	999	-14.9%	\$ 34,963,284	\$ 116,157	-0.1%	30.1%
Jul-03	381	9.8%	1,074	-8.4%	\$ 47,489,407	\$ 124,644	6.4%	35.5%
Aug-03	368	5.1%	1,093	-4.7%	\$ 45,025,630	\$ 122,352	8.8%	33.7%
Sep-03	299	-5.7%	1,160	22.4%	\$ 37,216,078	\$ 124,468	9.3%	25.8%
Oct-03	347	34.5%	1,031	12.1%	\$ 42,409,433	\$ 122,217	9.2%	33.7%
Nov-03	268	13.6%	1,042	12.2%	\$ 32,562,810	\$ 121,503	-1.6%	25.7%
Dec-03	287	32.3%	744	14.5%	\$ 36,191,051	\$ 126,101	-1.4%	38.6%
<b>TOTAL</b>	<b>3,119</b>	<b>7.8%</b>	<b>11,430</b>	<b>-1.4%</b>	<b>\$ 378,310,659</b>	<b>\$ 121,292</b>	<b>5.8%</b>	<b>27.3%</b>
Jan-04	111	-10.5%	793	4.2%	\$ 15,097,246	\$ 136,011	11.2%	14.0%
Feb-04	128	3.2%	857	12.2%	\$ 16,746,669	\$ 130,833	9.0%	14.9%
Mar-04	176	0.6%	924	10.9%	\$ 23,340,202	\$ 132,615	16.4%	19.0%
Apr-04	250	42.0%	906	-1.8%	\$ 31,153,193	\$ 124,613	0.7%	27.6%
May-04	264	-1.9%	989	-1.7%	\$ 35,934,825	\$ 136,117	19.3%	26.7%
Jun-04	298	-1.0%	1,021	2.2%	\$ 38,167,772	\$ 128,080	10.3%	29.2%
Jul-04	418	9.7%	1,128	5.0%	\$ 55,532,387	\$ 132,853	6.6%	37.1%
Aug-04	402	9.2%	1,234	12.9%	\$ 53,587,468	\$ 133,302	8.9%	32.6%
Sep-04	335	12.0%	1,307	12.7%	\$ 44,652,818	\$ 133,292	7.1%	25.6%
Oct-04	310	-10.7%	1,295	25.6%	\$ 40,244,605	\$ 129,821	6.2%	23.9%
Nov-04	266	-0.7%	1,229	17.9%	\$ 37,284,004	\$ 140,165	15.4%	21.6%
Dec-04	245	-14.6%	1,079	45.0%	\$ 34,233,789	\$ 139,730	10.8%	22.7%
<b>TOTAL</b>	<b>3,203</b>	<b>2.7%</b>	<b>12,762</b>	<b>11.7%</b>	<b>\$ 425,974,978</b>	<b>\$ 132,993</b>	<b>9.6%</b>	<b>25.1%</b>
Jan-05	118	6.3%	1,044	31.7%	\$ 16,857,909	\$ 142,864	5.0%	11.3%
Feb-05	150	17.2%	1,097	28.0%	\$ 20,128,172	\$ 134,188	2.6%	13.7%
Mar-05	179	1.7%	1,130	22.3%	\$ 24,416,538	\$ 136,405	2.9%	15.8%
Apr-05	213	-14.8%	1,267	39.8%	\$ 31,140,489	\$ 146,199	17.3%	16.8%
May-05	304	15.2%	1,395	41.1%	\$ 41,168,192	\$ 135,422	-0.5%	21.8%
Jun-05	309	3.7%	1,441	41.1%	\$ 43,785,962	\$ 141,702	10.6%	21.4%
Jul-05	342	-18.2%	1,498	32.8%	\$ 49,075,257	\$ 143,495	8.0%	22.8%
Aug-05	428	6.5%	1,572	27.4%	\$ 61,953,747	\$ 144,752	8.6%	27.2%
Sep-05	333	-0.6%	1,484	13.5%	\$ 45,965,362	\$ 138,034	3.6%	22.4%
Oct-05								
Nov-05								
Dec-05								
<b>TOTAL</b>	<b>2,376</b>	<b>-0.3%</b>	<b>11,928</b>	<b>30.2%</b>	<b>334,491,628</b>	<b>\$ 140,779</b>	<b>6.7%</b>	<b>19.9%</b>

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