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Canada Mortgage and Housing Corporation
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New Home Market

Weaker first quarter

Kitchener's home construction is strong and edging down from a peak experienced in 2002. A slowdown in Kitchener's multiple family home construction pulled first quarter housing starts lower. Construction started on 536 homes in the first quarter of 2006, down 21 per cent from the same quarter last year. This was the weakest first quarter since 2001.

Several key factors have contributed to sustaining demand in the new home market. Job gains and growing incomes over the last several years are giving potential homebuyers the financial stability to buy a home.

Since March 2005, more than 3,000 jobs have been added to Kitchener's economy. Low mortgage rates are contributing to ownership demand by keeping homes affordable. Spillover demand from a tight resale market is fuelling new home construction.

Single-detached home starts have kept construction going. Foundations were poured for 359 detached homes in the first quarter, up nine per cent from the same quarter last year. The strength in single-detached starts came from Cambridge City, where starts more than doubled. With new single-detached homes prices in Cambridge the lowest in the

FIRST QUARTER 2006

Date released: Second Quarter 2006

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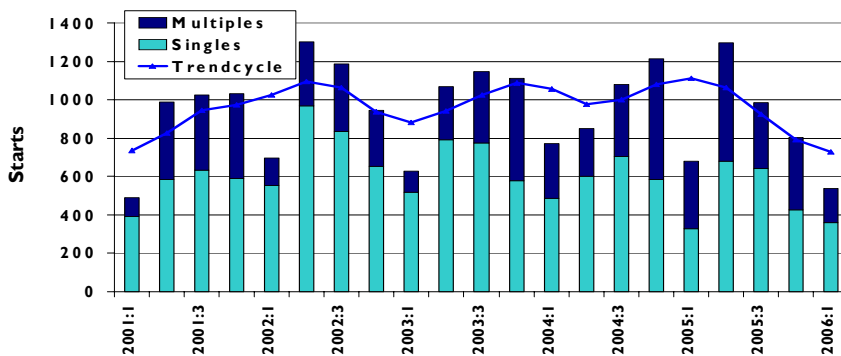
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Kitchener CMA Housing Starts



Source: CMHC

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CMA, demand for homes in this area has increased.

Single-detached home prices in the Kitchener CMA experienced double digit gains in the first quarter. The average price of a new detached home has jumped to \$304,326. In fact, the high demand for detached homes has pushed prices up by almost 50 per cent since 2000. Few first-time buyers can afford a single-detached home and tend to opt for less expensive multiple family home types.

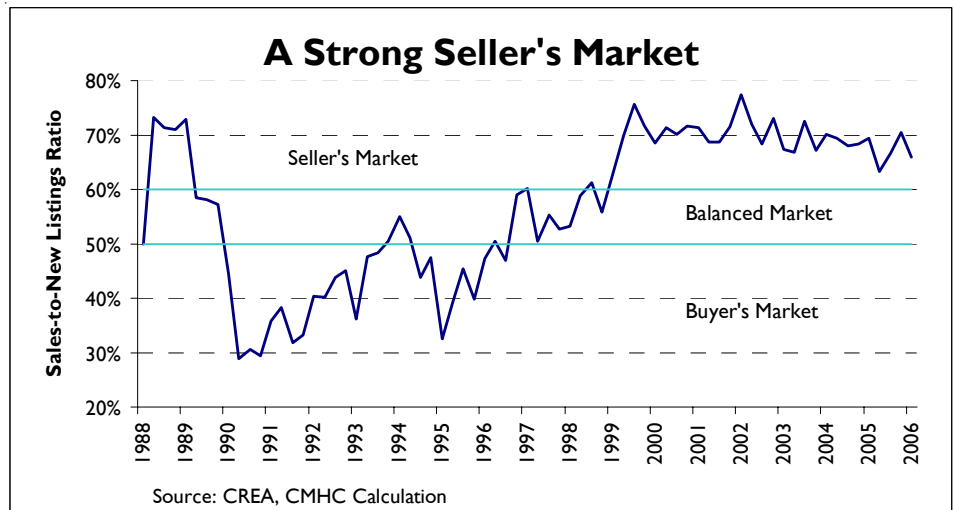
First quarter starts of ground oriented multiple family ownership homes: semi-detached and townhomes, remained strong, declining by only two per cent from the same quarter last year. It was the decline in rental starts that pulled the multiple family sector starts lower.

Resale Market

Strong K-W home sales

The red-hot existing home market continues. Sales of residential properties registered through the Kitchener-Waterloo Real Estate Board moved higher in the first quarter. A total of 1,466 homes changed hands, up 7.2 per cent from the same quarter last year. This was the strongest first quarter since 1989. Low mortgage rates, job growth, and strong levels of immigration have pushed existing home sales higher. The milder than average winter weather kept homebuyers shopping.

Supply, as measured by new listings, continues to trend higher. Strong price growth over the last few years encouraged many homeowners to list their homes for sale. Newly listed homes in the first quarter were up over 12 per cent from last year.



With both sales and new listings higher in the first quarter, the sales-to-new listings ratio, was close to 60 per cent. The sales-to-new listings ratio is a measure of the current market state. In Kitchener-Waterloo, a sales-to-new listings ratio above 60 per cent is generally considered a seller's market. Price growth above the rate of inflation is one of the characteristics of a seller's market.

The average selling price of a home in Kitchener-Waterloo was \$231,760 in the first quarter, an increase of 8.3 per cent from last year. While the average price of a single-detached resale home was around \$265,000, multiple family home types, including semi-detached, townhouse, and apartments, were more affordable, with an average price around \$167,000.

Cambridge home sales strong

Strong economic conditions pushed sales of homes registered through the Cambridge Real Estate Board higher. A total of 729 homes were sold in the first quarter of 2006, up 0.4 per cent from the same quarter last year.

Buyers enjoyed more choice as new listings increased in the first quarter. Despite the rise in new listings, the Cambridge resale home market remained tight. The average price of an existing home in Cambridge rose by 7.8 per cent to \$234,185 in the first quarter.

The Economy

Strong Kitchener economy

Kitchener's economy continued to fire on all cylinders. A total of 3,600 jobs have been created in the Kitchener CMA since March 2005. Most of the job growth was full-time, which helped boost housing demand. The strong levels of job growth and lower home prices have attracted in-migrants to the CMA, adding to the demand for housing. Mortgage rates are expected to remain at historically low levels and will continue to drive demand for housing.

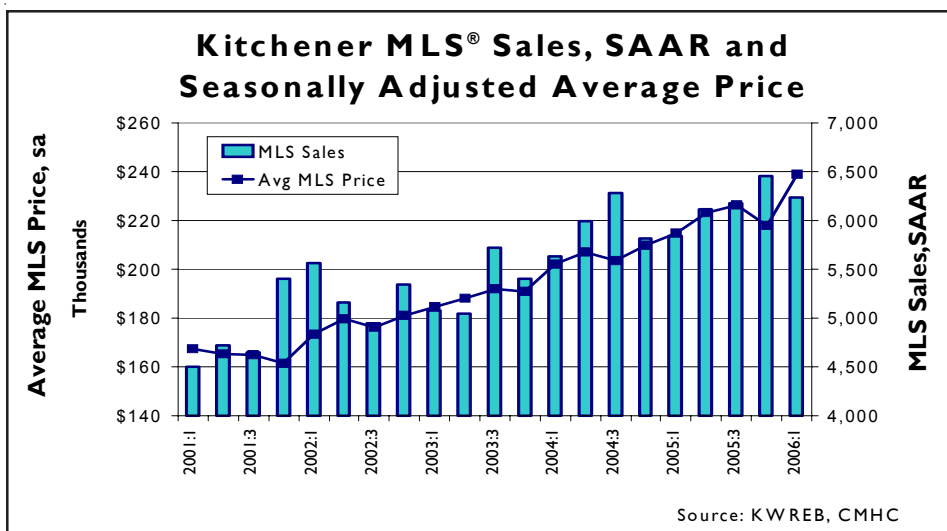


Table 1: Housing Activity Summary for Kitchener CMA

	OWNERSHIP					RENTAL		GRAND **TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
STARTS								
Q1 2006	359	34	97	34	0	0	12	536
Q1 2005	329	10	127	33	0	8	175	682
% Change	9.1	**	-23.6	3.0	NA	-100.0	-93.1	-21.4
Year-to-date 2006	359	34	97	34	0	0	12	536
Year-to-date 2005	329	10	127	33	0	8	175	682
% Change	9.1	**	-23.6	3.0	NA	-100.0	-93.1	-21.4
UNDER CONSTRUCTION								
March 2006	583	54	354	135	204	0	400	1,730
March 2005	639	68	347	126	0	20	668	1,868
COMPLETIONS								
Q1 2006	377	46	108	48	0	0	215	794
Q1 2005	401	6	47	27	0	0	226	707
% Change	-6.0	**	129.8	77.8	NA	NA	-4.9	12.3
Year-to-date 2006	377	46	108	48	0	0	215	794
Year-to-date 2005	401	6	47	27	0	0	226	707
% Change	-6.0	**	129.8	77.8	NA	NA	-4.9	12.3
COMPLETE & NOT ABSORBED								
March 2006	130	15	70	20	0	4	201	440
March 2005	118	15	20	3	0	0	94	250
ABSORPTIONS								
Q1 2006	340	41	100	46	0	0	208	735
Q1 2005	364	8	49	27	0	0	204	652
% Change	-6.6	**	104.1	70.4	NA	NA	2.0	12.7
Year-to-date 2006	340	41	100	46	0	0	208	735
Year-to-date 2005	364	8	49	27	0	0	204	652
% Change	-6.6	**	104.1	70.4	NA	NA	2.0	12.7

*Includes all market types

**Year-over-year change greater than 200 per cent

Source: CMHC

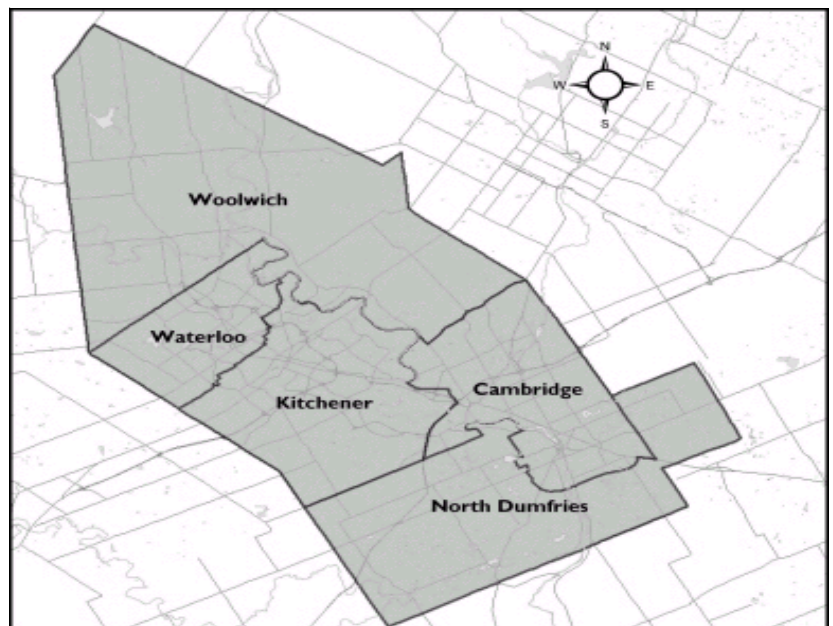


Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q1 2005	Q1 2006	% change	Q1 2005	Q1 2006	% change	Q1 2005	Q1 2006	% change
Kitchener CMA	329	359	9.1	353	177	-49.9	682	536	-21.4
Cambridge City	41	83	102.4	47	31	-34.0	88	114	29.5
Kitchener City	188	172	-8.5	224	97	-56.7	412	269	-34.7
North Dumfries Township	4	1	-75.0	0	0	NA	4	1	-75.0
Waterloo City	86	61	-29.1	69	36	-47.8	155	97	-37.4
Woolwich Township	10	42	**	13	13	0.0	23	55	139.1

Table 2B: Starts by Area and by Intended Market - Year-to-Date

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2005	YTD 2006	% change	YTD 2005	YTD 2006	% change	YTD 2005	YTD 2006	% change
Kitchener CMA	329	359	9.1	353	177	-49.9	682	536	-21.4
Cambridge City	41	83	102.4	47	31	-34.0	88	114	29.5
Kitchener City	188	172	-8.5	224	97	-56.7	412	269	-34.7
North Dumfries Township	4	1	-75.0	0	0	NA	4	1	-75.0
Waterloo City	86	61	-29.1	69	36	-47.8	155	97	-37.4
Woolwich Township	10	42	**	13	13	0.0	23	55	139.1

Table 3: Average Price of Completed and Absorbed Single-Detached Dwellings (\$)

Sub Market Area	Q1 2005	Q1 2006	% Change	YTD 2005	YTD 2006	% Change
Kitchener CMA	273,614	304,326	11.2	273,614	304,326	11.2
Cambridge City	289,398	285,326	-1.4	289,398	285,326	-1.4
Kitchener City	260,441	298,772	14.7	260,441	298,772	14.7
North Dumfries Township	355,595	NA	#VALUE!	355,595	NA	#VALUE!
Waterloo City	276,081	309,048	11.9	276,081	309,048	11.9
Woolwich Township	307,281	333,630	8.6	307,281	333,630	8.6

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

Table 4: Completed and Absorbed Single-Detached Units by Price Range

AREA	PRICE RANGES										TOTAL
	<\$150,000		\$150-\$174,999		\$175-\$249,999		\$250-\$299,999		\$300,000+		
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
Kitchener CMA											
Q1 2006	1	0.3	1	0.3	108	31.8	112	32.9	118	34.7	340
Q1 2005	0	0.0	5	1.4	165	45.3	88	24.2	106	29.1	364
YTD 2006	1	0.3	1	0.3	108	31.8	112	32.9	118	34.7	340
YTD 2005	0	0.0	5	1.4	165	45.3	88	24.2	106	29.1	364
Cambridge City											
Q1 2006	0	0.0	0	0.0	31	33.0	33	35.1	30	31.9	94
Q1 2005	0	0.0	0	0.0	20	28.2	22	31.0	29	40.8	71
YTD 2006	0	0.0	0	0.0	31	33.0	33	35.1	30	31.9	94
YTD 2005	0	0.0	0	0.0	20	28.2	22	31.0	29	40.8	71
Kitchener City											
Q1 2006	1	0.7	1	0.7	59	42.8	44	31.9	33	23.9	138
Q1 2005	0	0.0	2	1.1	107	57.8	35	18.9	41	22.2	185
YTD 2006	1	0.7	1	0.7	59	42.8	44	31.9	33	23.9	138
YTD 2005	0	0.0	2	1.1	107	57.8	35	18.9	41	22.2	185
North Dumfries Township											
Q1 2006	0	0.0	0	0.0	0	0.0	0	0.0	2	100.0	2
Q1 2005	0	0.0	0	0.0	0	0.0	1	33.3	2	66.7	3
YTD 2006	0	0.0	0	0.0	0	0.0	0	0.0	2	100.0	2
YTD 2005	0	0.0	0	0.0	0	0.0	1	33.3	2	66.7	3
Waterloo City											
Q1 2006	0	0.0	0	0.0	11	19.0	18	31.0	29	50.0	58
Q1 2005	0	0.0	3	3.8	31	39.2	20	25.3	25	31.6	79
YTD 2006	0	0.0	0	0.0	11	19.0	18	31.0	29	50.0	58
YTD 2005	0	0.0	3	3.8	31	39.2	20	25.3	25	31.6	79
Woolwich Township											
Q1 2006	0	0.0	0	0.0	7	14.6	17	35.4	24	50.0	48
Q1 2005	0	0.0	0	0.0	7	26.9	10	38.5	9	34.6	26
YTD 2006	0	0.0	0	0.0	7	14.6	17	35.4	24	50.0	48
YTD 2005	0	0.0	0	0.0	7	26.9	10	38.5	9	34.6	26

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

CMHC's Housing Awards Program

The CMHC Housing Awards Program, offered every two years, recognizes individuals and organizations that have implemented best practices that have improved housing in Canada. The purpose of the 2004 Housing Awards under the theme, **Best Practices in Affordable Housing**, is to recognize individuals and organizations for their outstanding accomplishments in furthering affordable housing and to assist them in transferring the knowledge about these best practices across the country.

Apply today at <http://www.cmhc-schl.gc.ca/en/prfias/gr/hap/index.cfm>
for CMHC's Housing Awards Program.

Table 5: Resale Housing Activity for Kitchener Real Estate Board

		Number of		Sales	Number of	New Listings	Sales-to-New	Average		Average
		Sales	Yr/Yr %	SAAR	New Listings	SAAR	Listings SA	Price (\$)	Yr/Yr %	Price (\$) SA
2005	January	309	12.4	5,700	682	8,900	63.9	219,545	13.2	209,499
	February	485	12.0	6,000	694	8,600	69.9	207,880	2.8	208,333
	March	573	-14.6	5,800	809	7,700	75.6	216,001	9.5	226,698
	April	623	0.3	6,000	1,033	10,400	57.8	216,128	5.8	219,055
	May	627	5.4	5,900	939	9,100	65.3	222,352	10.5	234,262
	June	680	6.1	6,400	959	9,500	67.5	221,142	4.1	216,432
	July	513	-7.7	5,800	704	8,900	65.1	223,422	10.8	221,427
	August	584	18.2	6,400	793	9,500	67.6	225,814	8.2	237,369
	September	487	-1.6	6,300	789	9,400	67.1	222,726	5.4	219,265
	October	471	18.3	6,500	806	9,900	66.1	230,626	11.8	211,603
	November	481	1.1	6,300	600	9,400	67.1	222,393	3.8	229,194
	December	314	13.8	6,600	319	8,300	78.9	216,739	0.2	213,039
2006	January	394	27.5	6,600	783	9,600	68.3	221,523	0.9	233,285
	February	487	0.4	6,100	681	8,600	70.4	233,015	12.1	239,566
	March	585	2.1	6,100	990	9,700	62.7	237,610	10.0	244,799
	April									
	May									
	June									
	July									
	August									
	September									
	October									
	November									
	December									
QI 2005	1,367	-0.9	5,800	2,185	8,400	69.5	213,921	7.9	214,836	
QI 2006	1,466	7.2	6,200	2,454	9,300	67.0	231,760	8.3	239,057	
YTD 2005	1,367	-0.9		2,185			213,921	7.9		
YTD 2006	1,466	7.2		2,454			231,760	8.3		

	Annual Sales	Yr/Yr %		Annual New Listings	Yr/Yr %		Annual Average Price (\$)	Yr/Yr %	
1996	4,666	34.6		9,168	4.0		134,839	-0.5	
1997	4,307	-7.7		7,885	-14.0		141,387	4.9	
1998	4,365	1.3		7,629	-3.2		143,104	1.2	
1999	4,695	7.6		6,730	-11.8		146,495	2.4	
2000	4,569	-2.7		6,495	-3.5		157,317	7.4	
2001	4,816	5.4		6,874	5.8		164,548	4.6	
2002	5,253	9.1		7,224	5.1		177,559	7.9	
2003	5,310	1.1		7,757	7.4		188,905	6.4	
2004	5,931	11.7		8,601	10.9		205,639	8.9	
2005	6,147	3.6		9,127	6.1		220,511	7.2	

Source: Canadian Real Estate Association

Table 6: Economic Indicators

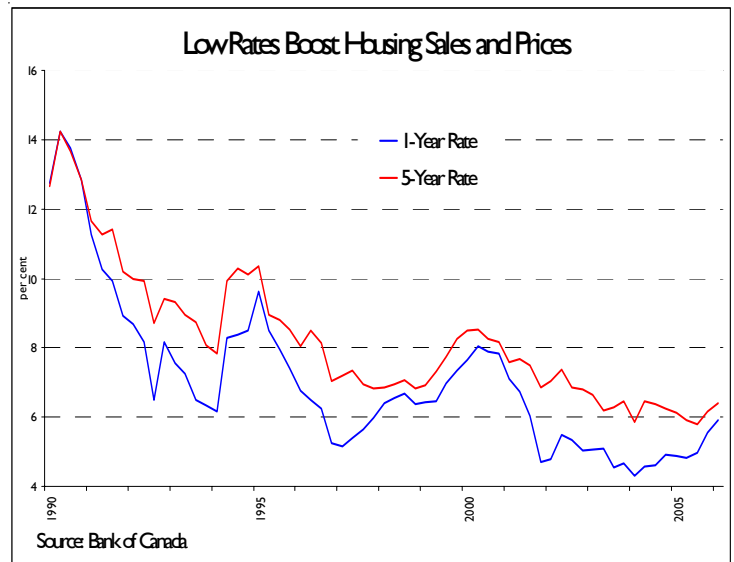
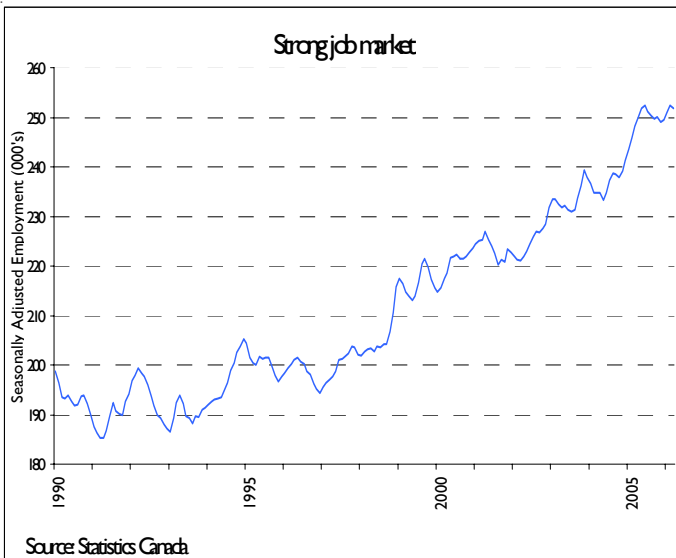
		Interest and Exchange Rates				Inflation Rate (%)	NHPI*** % chg	KITCHENER CMA Labour Market		
		P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)			Ontario 1996=100	KITCHENER CMA 1997=100	Employment SA** (.000)
			1 Yr. Term	5 Yr. Term						
2005	January	642.78	4.8	6.1	0.806	1.6	5.6	243.6	1.0	4.3
	February	642.78	4.8	6.1	0.811	2.2	5.9	245.8	0.9	4.7
	March	654.74	5.1	6.3	0.827	2.3	6.3	248.3	1.0	5.5
	April	642.78	4.9	6.1	0.795	2.3	4.8	249.9	0.6	5.9
	May	636.84	4.9	6.0	0.797	1.5	5.2	251.7	0.7	6.3
	June	622.08	4.8	5.7	0.816	1.9	5.2	252.5	0.3	6.0
	July	627.97	4.9	5.8	0.817	1.9	5.4	251.1	-0.6	5.9
	August	627.97	5.0	5.8	0.842	2.7	5.8	250.3	-0.3	5.9
	September	627.97	5.0	5.8	0.860	3.3	5.1	249.6	-0.3	5.7
	October	639.81	5.3	6.0	0.847	2.5	4.0	250.1	0.2	5.7
	November	648.75	5.6	6.2	0.857	2.0	3.8	249.1	-0.4	5.7
	December	657.75	5.8	6.3	0.860	2.1	3.4	249.4	0.1	5.7
2006	January	657.75	5.8	6.3	0.878	3.0	4.3	251.0	0.6	5.7
	February	666.80	5.9	6.5	0.880	2.0	4.5	252.4	0.6	5.3
	March	666.80	6.1	6.5	0.856	2.3		251.8	-0.2	5.2
	April									
	May									
	June									
	July									
	August									
	September									
	October									
	November									
	December									

* Principal and Interest: Payment assumes a five year mortgage rate and 25 year amortization period

** Seasonally Adjusted

*** New Housing Price Index

Source: CMHC, Statistics Canada Labour Force Survey



Definitions

1. **Starts:** refers to units where construction has advanced to a stage where full (100%) footings are in place. For multiple dwellings (semi-detached, row housing and apartments) the definition of a start applies to the structure or block of row units rather than to the project as a whole.
2. **Under Construction:** those units which have been started but which are not complete.
3. **Completions - Single-detached/semi-detached units:** this generally is the stage at which all proposed construction work is complete. A unit may be completed at the 90% stage where the remaining work is largely cosmetic. **Row housing/ Apartment:** completions means that 90% or more of the dwelling units within a block of row units or an apartment structure are completed and ready for occupancy
4. **Completed and Not Absorbed:** all completed units of new construction (excluding model homes not available for sale) which have never been sold or leased.
5. **Absorptions:** the number of completed units (excluding model homes) that have been sold or leased.
6. **Seasonally Adjusted (SA):** Actual monthly (or quarterly) figures adjusted to remove normal seasonal variation.
7. **Seasonally Adjust Annual Rates (SAAR):** Seasonally adjusted monthly figures multiplied by 12 (or quarterly figures multiplied by 4) to reflect annualized levels of activity.
8. Definitions for **CMA, NHPI, CPI, and Inflation Rate** can be found in the Statistics Canada website - <http://www.statcan.ca>

Your Guide to Renting a Home – CMHC’s new, online guide for tenants, landlords, and property managers

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“Your Guide to Renting a Home” is located on the CMHC Web site at www.cmhc.ca. From the left-hand menu, you can select “Buying or Renting a Home” and click on “Renting a Home”.

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For more information, visit our website at www.cmhc.ca

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