

H

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Canada Mortgage and Housing Corporation

New Homes

Mild weather and low mortgage rates stimulate the housing market

The Hamilton CMA new home market started the year on a mixed note as single detached starts rose significantly, but multiple starts floundered. The active resale market with booming sales and a limited number of new listings converted many potential resale buyers over to the new home market. Low mortgage rates and the mild winter kept home buyers out in force as the housing market got an early jump on the new year.

First quarter starts fell 23.2 percent to 547 units versus the 712 recorded in the first three months of last year.

Single detached housing starts managed to climb 14.4 percent to 397 units compared to 347 units, while multiple housing starts dropped 58.9% to 150

units, versus the 365 units started in the first quarter of 2001.

Multiple starts were dragged down in the first quarter of this year as condominium starts went south for the winter. In the first three months of last year, there were 139 condominium townhouses and 120 condo apartments started versus just 40 condo townhouses and a complete absence of apartment starts in the same period this year.

Although new condominium activity has dragged down the total number of first quarter housing starts, single detached construction has been notably strong. On a seasonally adjusted annual rate (SAAR) basis, single detached starts activity hit a five year high of 2,400 SAAR in the first quarter of 2002. With mortgage rates near historic lows, many buyers can now afford a more expensive single detached house rather than a smaller semi-detached or townhouse.

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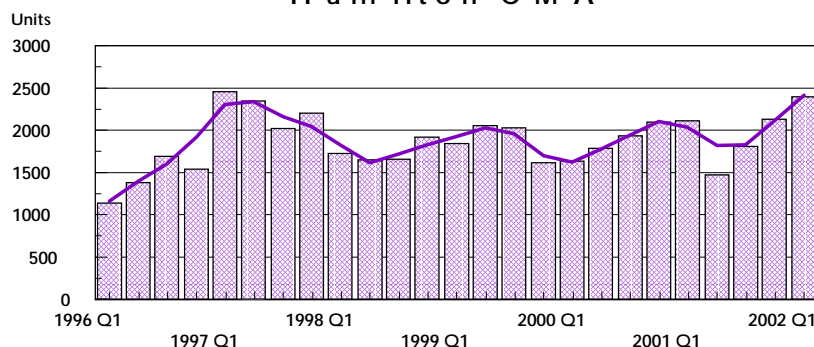
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By municipality, the amalgamated City of Hamilton recorded the most activity this quarter with 338 starts. Construction was next highest in Burlington with 202 starts, while Grimsby recorded 7 housing starts.

Single Starts SAAR
Hamilton CMA



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HOME TO CANADIANS
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Prices of new singles detached homes move higher

The first quarter average price of a new single detached home in the Hamilton CMA rose a modest 1.5 percent to \$249,376 compared to the first three months of 2001. The amalgamated City of Hamilton saw its average price edge 0.5 percent lower to \$231,124 while Burlington prices surged 12.3 percent to \$311,504. The move up market was active as the proportion of sales in the \$350,000+ rose from 5.3 percent to 8.6 percent. Nearly half of all new singles were priced between \$200,000 and \$249,999. The share of more affordable singles price between \$150,000 to \$199,999 fell from one quarter in the first three months of 2001 to 12.8 percent in the first quarter of this year.

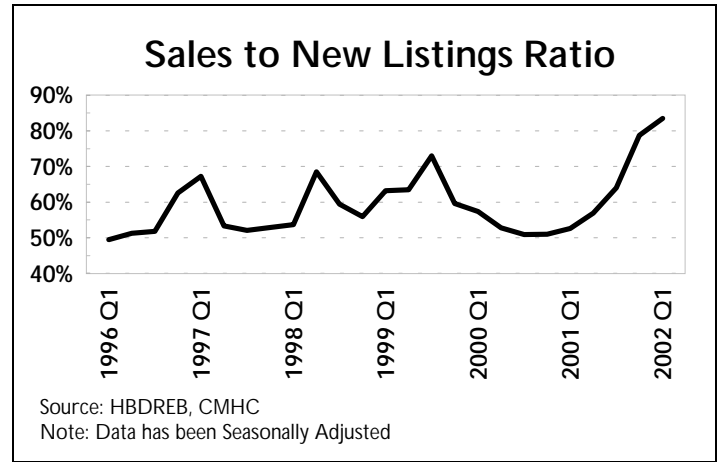
Halton posts a good year

Halton Region housing starts fell 6.2 percent to 961 units this quarter as declines in Burlington and Halton Hills erased gains in Oakville and Milton. The average price of a new single detached home in Halton Region increased 11.6 percent to \$299,339 as the proportion of sales in excess of \$300,000 rose significantly in Oakville.

Resale Market

Low mortgage rates ignite sales activity and push prices higher

With mortgage rates beginning to nudge up, many potential buyers were eager to take advantage of their low pre-approved mortgage rate, and snap up a resale home before their guaranteed rate expired. Indeed, the perception that mortgage rates will be rising over the course of this year has resulted in many potential buyers getting an early jump on the traditionally active Spring market. Resale activity in the Hamilton-Burlington and District Real Estate Board (HBDREB) area was red hot this quarter as sales rose 27.4 percent to 3,138 units versus the 2,464 sales seen in first quarter of 2001. In fact, first quarter MLS sales last eclipsed the 3,000 mark during the housing boom of that late 1980s. With sales booming and new listings not keeping pace, the seasonally adjusted sales to new listings ratio has entered nose bleed territory. Thus, the state of the resale market strongly favours



the seller, and price increases have accelerated. In the first quarter of this year, the average resale price rose 6.3 percent to \$179,782.

Activity was particularly noteworthy in Ancaster where sales jumped nearly 54 percent to 117 units, and prices increased 11.5 percent to \$274,029. With approximately two-thirds of all HBDREB sales activity, the old City of Hamilton and Burlington both recorded an impressive first quarter. Sales were up 27.4 percent in Hamilton (1,289) and 25.7 percent in Burlington (817). Prices moved 5.2 percent higher to \$130,657 in Hamilton and 7.2 percent to \$231,202 in Burlington.

Oakville-Milton and District

The Oakville-Milton and District Real Estate Board (OMDREB) resale market started the year off strongly with sales rising 30 percent in the first quarter. There were 970 sales recorded in the first three months of 2002 versus 746 sales during the same period of 2001. The first quarter average price crept 1.0 percent higher to \$302,836 as the impact of lower priced sales recorded in Burlington and negligible price movement in Oakville was felt.

In the first three months of 2002, the number of sales in Oakville rose 22.0 percent to 661 units while the average priced inched higher to \$318,838. In Milton, the average price rose 10.3 percent to \$214,482 for the 86 sales recorded. Burlington sales captured by the OMDREB rose 64.5 percent to 88 homes sold.

Mortgage rates to remain low

While open and variable rate mortgages generally track lenders' prime rate, fixed rate mortgages move in tandem with bond yields. As the prime rate, money market, and short term bond yields are expected to increase in 2002, so will short term mortgage rates. In addition, as the economy strengthens and financial markets foresee some monetary tightening, long term interest and mortgage rates increase.

The outlook for short term mortgage rates in 2002 remains favourable with the one year mortgage rate in the 4.6-5.9 percent range. The three and five year term mortgage rates will remain in 5.9-7.6 and 6.8-8.3 percent ranges, respectively.

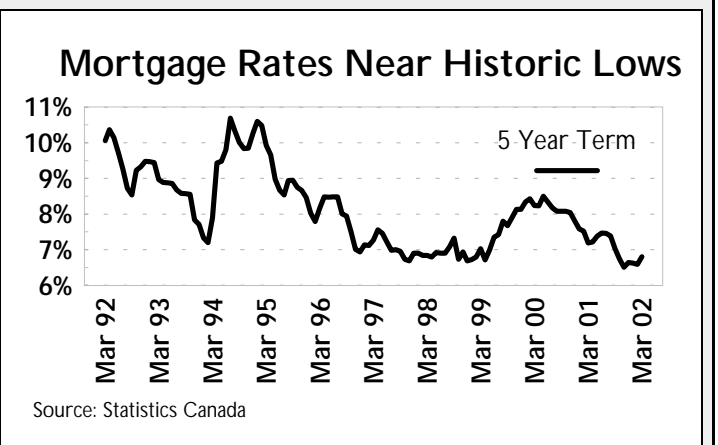


Table 1
Starts by Zone and by Intended Market
Hamilton CMA

Zone	OWNERSHIP					RENTAL		TOTAL
	Freehold			Condominium		Row	Apt	
	Detached	Semi	Row	Row	Apt			
Hamilton City								
First Quarter 2002	81	0	28	0	0	0	0	109
First Quarter 2001	74	0	7	36	0	0	0	117
Percent Change	9.5%	NA	300.0%	-100.0%	NA	NA	NA	-6.8%
Burlington City								
First Quarter 2002	131	20	11	40	0	0	0	202
First Quarter 2001	114	0	58	53	120	0	0	345
Percent Change	14.9%	NA	-81.0%	-24.5%	-100.0%	NA	NA	-41.4%
Stoney Creek City								
First Quarter 2002	37	0	14	0	0	0	0	51
First Quarter 2001	19	0	25	0	0	0	0	44
Percent Change	94.7%	NA	-44.0%	NA	NA	NA	NA	15.9%
Ancaster Town								
First Quarter 2002	55	0	19	0	0	0	0	74
First Quarter 2001	55	2	0	30	0	0	0	87
Percent Change	0.0%	-100.0%	NA	-100.0%	NA	NA	NA	-14.9%
Dundas Town								
First Quarter 2002	3	0	0	0	0	0	0	3
First Quarter 2001	10	0	0	0	0	0	0	10
Percent Change	-70.0%	NA	NA	NA	NA	NA	NA	-70.0%
Flamborough								
First Quarter 2002	54	18	0	0	0	0	0	72
First Quarter 2001	35	8	0	16	0	0	0	59
Percent Change	54.3%	125.0%	NA	-100.0%	NA	NA	NA	22.0%
Glanbrook								
First Quarter 2002	29	0	0	0	0	0	0	29
First Quarter 2001	21	0	0	4	0	0	0	25
Percent Change	38.1%	NA	NA	-100.0%	NA	NA	NA	16.0%
The new city of Hamilton								
First Quarter 2002	259	18	61	0	0	0	0	338
First Quarter 2001	214	10	32	86	0	0	0	342
Percent Change	21.0%	80.0%	90.6%	-100.0%	NA	NA	NA	-1.2%
Grimsby Town								
First Quarter 2002	7	0	0	0	0	0	0	7
First Quarter 2001	19	0	6	0	0	0	0	25
Percent Change	-63.2%	NA	-100.0%	NA	NA	NA	NA	-72.0%
HAMILTON CMA								
First Quarter 2002	397	38	72	40	0	0	0	547
First Quarter 2001	347	10	96	139	120	0	0	712
Percent Change	14.4%	280.0%	-25.0%	-71.2%	-100.0%	NA	NA	-23.2%

Source: CMHC

Table 1 continued
Starts by Zone and by Intended Market
Halton Region

Zone	OWNERSHIP					RENTAL		TOTAL
	Freehold			Condominium		Row	Apt	
	Detached	Semi	Row	Row	Apt			
Oakville								
First Quarter 2002	321	8	39	84	0	0	0	452
First Quarter 2001	205	0	0	0	92	0	0	297
Percent Change	56.6%	NA	NA	NA	-100.0%	NA	NA	52.2%
Milton								
First Quarter 2002	109	60	64	0	0	0	0	233
First Quarter 2001	161	48	10	0	0	0	0	219
Percent Change	-32.3%	25.0%	540.0%	NA	NA	NA	NA	6.4%
Halton Hills								
First Quarter 2002	40	34	0	0	0	0	0	74
First Quarter 2001	134	6	23	0	0	0	0	163
Percent Change	-70.1%	466.7%	-100.0%	NA	NA	NA	NA	-54.6%
Region of Halton								
First Quarter 2002	601	122	114	124	0	0	0	961
First Quarter 2001	614	54	91	53	212	0	0	1,024
Percent Change	-2.1%	125.9%	25.3%	134.0%	-100.0%	NA	NA	-6.2%

Source: SCHL

Table 2
Activity Summary by Intended Market
Hamilton Census Metropolitan Area

Zone	OWNERSHIP					RENTAL		TOTAL
	Freehold			Condominium		Row	Apt	
	Detached	Semi	Row	Row	Apt			
Starts								
First Quarter 2002	397	38	72	40	0	0	0	547
First Quarter 2001	347	10	96	139	120	0	0	712
Percent Change	14.4%	280.0%	-25.0%	-71.2%	-100.0%	NA	NA	-23.2%
Under Construction								
First Quarter 2002	665	76	182	206	335	0	0	1,464
First Quarter 2001	593	34	211	352	321	0	15	1,526
Completions								
First Quarter 2002	402	48	62	108	88	0	0	708
First Quarter 2001	453	24	79	60	68	0	0	684
Percent Change	-11.3%	100.0%	-21.5%	80.0%	29.4%	NA	NA	3.5%
Unoccupied								
First Quarter 2002	277	33	109	126	113	0	0	658
First Quarter 2001	137	29	31	60	171	0	0	428
Total Supply								
First Quarter 2002	1,018	127	398	469	448	0	0	2,460
First Quarter 2001	904	69	356	456	528	0	15	2,328
Absorptions								
First Quarter 2002	430	36	43	97	107	0	0	713
First Quarter 2001	476	33	122	101	164	0	0	896
Percent Change	-9.7%	9.1%	-64.8%	-4.0%	-34.8%	NA	NA	-20.4%

Source: CMHC

Table 3
Activity Summary Market by Zone
Hamilton CMA & Halton region

Zone	OWNERSHIP					RENTAL		OWNERSHIP					RENTAL	
	Freehold			Condo		Row	Apt	Freehold			Condo		Row	Apt
	Single	Semi	Row	Row	Apt			Single	Semi	Row	Row	Apt		
Under Construction	First Quarter 2002							First Quarter 2001						
Ancaster Town	72	2	28	7	0	0	0	66	6	17	35	30	0	0
Burlington City	282	62	38	49	279	0	0	233	10	112	88	279	0	0
Dundas Town	13	0	0	0	0	0	0	27	0	0	0	0	0	15
Flamborough Town	64	12	0	0	0	0	0	56	8	0	16	0	0	0
Glanbrook Twp.	61	0	0	57	0	0	0	47	0	0	40	0	0	0
Grimsby Town	13	0	15	7	0	0	0	33	0	34	30	0	0	0
Hamilton City	116	0	66	86	46	0	0	103	6	7	92	12	0	0
Stoney Creek City	44	0	35	0	10	0	0	28	4	41	51	0	0	0
Hamilton (new city)	370	14	129	150	56	0	0	327	24	65	234	42	0	15
Total CMA	665	76	182	206	335	0	0	593	34	211	352	321	0	15
Halton Hills	43	36	0	0	0	0	0	361	14	259	0	40	0	0
Milton	232	86	159	0	0	0	0	172	48	32	0	0	0	0
Oakville	467	68	124	118	0	0	0	466	24	199	87	134	0	0
Halton Region	1,024	252	321	167	279	0	0	1,232	96	602	175	453	0	0
Completions	First Quarter 2002							First Quarter 2001						
Ancaster Town	81	0	0	7	0	0	0	73	2	0	0	32	0	0
Burlington City	68	30	36	10	80	0	0	159	10	31	33	36	0	0
Dundas Town	12	2	0	0	0	0	0	13	0	0	0	0	0	0
Flamborough Town	41	12	0	8	0	0	0	40	2	0	0	0	0	0
Glanbrook Twp.	36	2	0	0	0	0	0	10	0	0	12	0	0	0
Grimsby Town	16	0	6	0	0	0	0	30	6	32	15	0	0	0
Hamilton City	94	2	4	40	0	0	0	99	2	10	0	0	0	0
Stoney Creek City	54	0	16	43	8	0	0	29	2	6	0	0	0	0
Hamilton (new city)	318	18	20	98	8	0	0	264	8	16	12	32	0	0
Total CMA	402	48	62	108	88	0	0	453	24	79	60	68	0	0
Halton Hills	84	20	0	0	0	0	0	101	2	0	0	0	0	0
Milton	156	80	97	0	0	0	0	1	0	7	0	0	0	0
Oakville	136	50	11	0	0	0	0	276	66	12	0	86	0	0
Halton Region	444	180	144	10	80	0	0	537	78	50	33	122	0	0
Unoccupied	First Quarter 2002							First Quarter 2001						
Ancaster Town	96	2	0	4	6	0	0	36	4	2	4	21	0	0
Burlington City	20	14	97	67	107	0	0	22	21	12	11	150	0	0
Dundas Town	4	0	0	0	0	0	0	2	0	0	0	0	0	0
Flamborough Town	11	7	0	16	0	0	0	4	0	0	30	0	0	0
Glanbrook Twp.	32	4	0	0	0	0	0	7	2	0	5	0	0	0
Grimsby Town	11	0	5	1	0	0	0	20	1	8	3	0	0	0
Hamilton City	87	4	2	21	0	0	0	36	0	0	0	0	0	0
Stoney Creek City	16	2	5	17	0	0	0	10	1	9	7	0	0	0
Hamilton (new city)	246	19	7	58	6	0	0	95	7	11	46	21	0	0
Total CMA	277	33	109	126	113	0	0	137	29	31	60	171	0	0
Halton Hills	10	1	0	0	0	0	0	4	0	0	0	0	0	0
Milton	25	17	90	0	0	0	7	0	0	0	0	0	0	27
Oakville	39	18	89	30	23	0	0	2	2	87	86	12	0	0
Halton Region	94	50	276	97	130	0	7	28	23	99	97	162	0	27

Source: CMHC

**Table 3
Activity Summary Market by Zone
Hamilton CMA & Halton region**

Zone	OWNERSHIP					RENTAL		OWNERSHIP					RENTAL	
	Freehold			Condo		Row	Apt	Freehold			Condo		Row	Apt
	Single	Semi	Row	Row	Apt			Single	Semi	Row	Row	Apt		
Absorptions	First Quarter 2002							First Quarter 2001						
Ancaster Town	57	0	0	17	0	0	0	64	2	7	2	22	0	0
Burlington City	77	26	19	8	99	0	0	147	20	49	33	142	0	0
Dundas Town	11	2	0	0	0	0	0	13	0	0	15	0	0	0
Flamborough Town	47	6	0	0	0	0	0	35	2	0	0	0	0	0
Glanbrook Twp.	43	0	0	0	0	0	0	24	0	0	13	0	0	0
Grimsby Town	13	0	6	0	0	0	0	23	6	29	13	0	0	0
Hamilton City	128	2	2	24	0	0	0	136	2	25	25	0	0	0
Stoney Creek City	54	0	16	43	8	0	0	34	1	12	0	0	0	0
Hamilton (new city)	340	10	18	84	8	0	0	306	7	44	55	22	0	0
Total CMA	430	36	43	92	107	0	0	476	33	122	101	164	0	0
Halton Hills	84	20	0	0	0	0	0	102	2	0	0	0	0	0
Milton	141	67	16	0	0	0	4	2	0	29	0	0	0	1
Oakville	137	43	37	3	42	0	0	280	65	12	0	86	0	0
Halton Region	439	156	72	11	141	0	4	531	87	90	33	228	0	1

Source: CMHC

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Table 4
Single-detached sales by price range
Hamilton CMA & Halton Region

	Average Price	Total Sales	< \$150,000		\$150,000 - \$199,999		\$200,000 - \$249,999		\$250,000 - \$299,999		\$300,000 - \$349,999		\$350,001+	
			Units	Share	Units	Share	Units	Share	Units	Share	Units	Share	Units	Share
Burlington														
2002 to March	\$311,504	77	0	0.0%	4	5.2%	2	2.6%	23	29.9%	30	39.0%	18	23.4%
2001 to March	\$277,469	147	0	0.0%	1	0.7%	2	1.4%	95	64.6%	44	29.9%	5	3.4%
Hamilton														
2002 to March	\$231,124	340	3	0.9%	51	15.0%	206	60.6%	54	15.9%	10	2.9%	16	4.7%
2001 to March	\$232,369	306	3	1.0%	109	35.6%	132	43.1%	31	10.1%	11	3.6%	20	6.5%
Grimsby														
2002 to March	\$358,746	13	0	0.0%	0	0.0%	4	30.8%	1	7.7%	5	38.5%	3	23.1%
2001 to March	\$221,465	23	0	0.0%	9	39.1%	8	34.8%	5	21.7%	1	4.3%	0	0.0%
Hamilton CMA														
2002 to March	\$249,376	430	3	0.7%	55	12.8%	212	49.3%	78	18.1%	45	10.5%	37	8.6%
2001 to March	\$245,770	476	3	0.6%	119	25.0%	142	29.8%	131	27.5%	56	11.8%	25	5.3%
Oakville														
2002 to March	\$362,978	137	1	0.7%	1	0.7%	19	13.9%	72	52.6%	28	20.4%	16	11.7%
2001 to March	\$269,347	280	0	0.0%	50	17.9%	100	35.7%	79	28.2%	16	5.7%	35	12.5%
Milton														
2002 to March	\$265,234	141	0	0.0%	10	7.1%	30	21.3%	65	46.1%	36	25.5%	0	0.0%
2001 to March	\$429,500	2	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2	100.0%
Halton Hills														
2002 to March	\$241,645	84	5	6.0%	5	6.0%	57	67.9%	10	11.9%	1	1.2%	6	7.1%
2001 to March	\$248,906	102	0	0.0%	14	13.7%	46	45.1%	31	30.4%	9	8.8%	2	2.0%
Halton Region														
2002 to March	\$299,339	439	6	1.4%	20	4.6%	108	24.6%	170	38.7%	95	21.6%	40	9.1%
2001 to March	\$268,272	531	0	0.0%	65	12.2%	148	27.9%	205	38.6%	69	13.0%	44	8.3%

*Note: Halton Region includes Burlington, Oakville, Milton and Halton Hills

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Table 5
MLS* residential sales by municipality
Hamilton & Halton Region

	Unit Sales			Average Price		
	2002 Jan. to Mar.	2001 Jan. to Mar.	percent change	2002 Jan. to Mar.	2001 Jan. to Mar.	percent change
Hamilton City	1,289	1,012	27.4%	\$130,657	\$124,254	5.2%
Burlington	817	650	25.7%	\$231,202	\$215,595	7.2%
Stoney Creek	202	183	10.4%	\$183,310	\$171,247	7.0%
Ancaster	117	76	53.9%	\$274,029	\$245,690	11.5%
Dundas	97	88	10.2%	\$182,138	\$179,367	1.5%
Flamborough**	173	134	29.1%	\$238,976	\$229,641	4.1%
Grimsby	79	75	5.3%	\$199,506	\$166,363	19.9%
Hamilton-Burlington R.E.B.	3,138	2,464	27.4%	\$179,782	\$169,158	6.3%

Source: Hamilton-Burlington and District Real Estate Board

** includes Waterdown

Oakville	661	542	22.0%	\$318,838	\$316,886	0.6%
Milton	86	68	26.5%	\$214,482	\$194,454	10.3%
Burlington	102	62	64.5%	\$261,580	\$277,303	-5.7%
Oakville- Milton R.E.B.	970	746	30.0%	\$305,750	\$302,836	1.0%

Source: Oakville, Milton and District Real Estate Board

* Multiple Listing Service (MLS) is a registered certification mark owned by The Canadian Real Estate Association

DEFINITIONS

Refer to the following definitions when interpreting the tables in this report.

HOUSING START refers to a dwelling unit where construction has advanced to a state where full (100%) footings are in place. In the case of multiple unit structures, this definition of a start applies to the entire structure.

UNDER CONSTRUCTION refers to the inventory of units currently being constructed. Under construction figures include current month starts and exclude current month completions.

COMPLETION

For single-detached and semi-detached dwellings: implies that 90% or more of the structure has been completed. A structure may be considered to be complete and ready for occupancy when only seasonal deficiencies and/or minor infractions to building codes remain.
Row and apartments: implies that 90% or more of the dwelling units within a structure are completed and ready for occupancy.

COMPLETED AND NOT ABSORBED refers to newly constructed, completed units which have not been sold or rented.

TOTAL SUPPLY refers to the total supply of new units and includes pending starts, units under construction and units that are completed but not absorbed.

ABSORPTIONS refer to newly completed units which have been sold or rented. The number of absorptions is obtained from a survey initiated when the structure is completed. Units sold or leased prior to construction are not considered as absorbed until the completion stage.

PENDING START refers to a dwelling unit where a building permit and/or National Housing Act (NHA) approval exists but construction has not started.

Housing Now is published four times yearly for the Hamilton Metropolitan market. Forecast Summary Supplement is included with the 1st and 3rd quarter reports. An annual subscription to the Hamilton Housing Now is \$55.00 plus GST. To order, please contact Ontario customer service at 1-800-493-0059.

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ORECAST

Hamilton

SUMMARY

Canada Mortgage and Housing Corporation

ISSUE:
SPRING 2002

New Home Market

Starts to remain steady

The Hamilton CMA saw five consecutive years of 3,000+ housing starts from 1997 to 2001, and this year is shaping up to be consistent with this trend. Many key ingredients have fallen into place to boost the housing market. First, mortgage rates near historic lows have pushed carrying costs down making home ownership possible for a large number of households. Second, consumer confidence returned with a vengeance, reaching levels last seen in the late 1980s. Third, strong net migration flows into the Hamilton area continue to expand the need for additional housing stock.

The above three factors have lit a fire under the resale market, with sales up sharply over the past few months. Large

numbers of sales combined with a limited number of new listings to push the Hamilton resale market strongly in favour of the seller. This has lured many potential buyers over to the new home market in search of their dream house.

With so many positive factors driving the new home market, one might expect a record breaking year for housing starts. However, there are some dark clouds on the horizon that have tempered new home activity somewhat. The biggest detractor of new home activity recently has been seen on the employment front. After a strong run up in employment between late 1999 and mid 2001, the Hamilton CMA began a period of negative employment growth. By the beginning of this year, employment reached a two year low,

down by over 20,500 jobs compared to the start of 2001. Newly created jobs often impact the housing market a year or two down the road, as those newly employed accumulate a down payment. However, those newly unemployed impact the housing market with less of a lag. The good news in the employment picture is that the large run up in employment throughout 2000 will continue to have a

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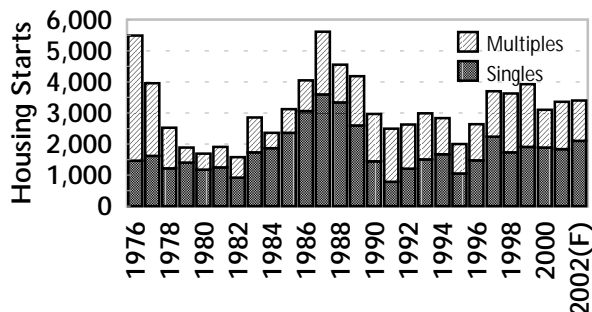
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positive impact on the 2002 new home market.

One area of caution is the number of completed new homes that remain unoccupied. In March 1999, there were only 78 single detached and 49 multi-

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**Hamilton CMA
Starts To Remain Steady**



Source: CMHC

CMHC - Market Analysis
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HOME TO CANADIANS
Canada

family units that were unoccupied. As of March 2002, there were 277 singles and 381 multiple unoccupied. The current state of the Hamilton CMA new home market could now be described as oversupplied as these statistics indicate there is an abundance of new home

product on the market that remains to be sold.

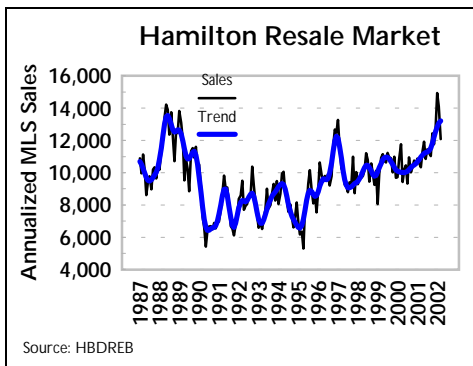
Given the competing positive and negative influences on the new home market, Hamilton CMA housing starts are forecast to expand to 3,400 units

this year. Single detached housing starts will rise 14.0 percent to reach a four year high of 2,100 units while multiple starts will fall 14.6 percent to 1,300 units (200 semi-detached, 700 town-house, and 400 apartment units).

Resale Market

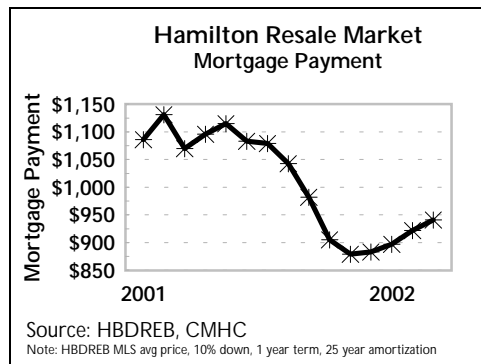
Low carrying costs result in booming sales

The Hamilton resale market began to accelerate in October as declining mortgage rates lowered carrying costs. Once consumer confidence rebounded (see page 3), sales took off reaching levels last seen during the housing boom of the late 1980s. On an annualized basis, the 15,000+ sales recorded in January of this year marked the highest level of (seasonally adjusted) sales activity ever recorded in the Hamilton-Burlington and District Real Estate Board.



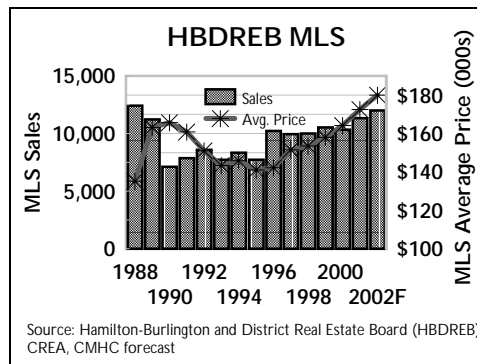
market will remain classified as a seller's market all year and price increases will continue to outpace inflation.

For 2002, sales are forecast to increase 5.9 percent to 12,000 homes. New listings this year will continue to shrink, declining 8.5 percent to 17,000 homes. Thus, the 2002 resale market will continue to be in seller's territory with the sales to new listings ratio coming in at 70.6 percent for the year. Given the strong sellers' market, price increases are expected to easily outpace the local inflation rate. Look for the average price to increase 4.3 percent in 2002 to \$180,000.



pace. Using the sales to new listings ratio to evaluate the relationship between supply and demand in the resale market clearly shows the strength of the current seller's market.

Typically, a sales to new listings ratio above 60 percent indicates a seller's market in the Hamilton market. The seasonally adjusted sales to new listings ratio leapt to 84.3 percent in the first quarter of 2002. The strong sellers' market reduced the average number of days a new listing sat on the market, declining from 53 days in March 2001 to just 41 days in March 2002. Also, prices were up by more than six percent between this same time period. With sales expected to be strong all year and new listings in short supply, the resale



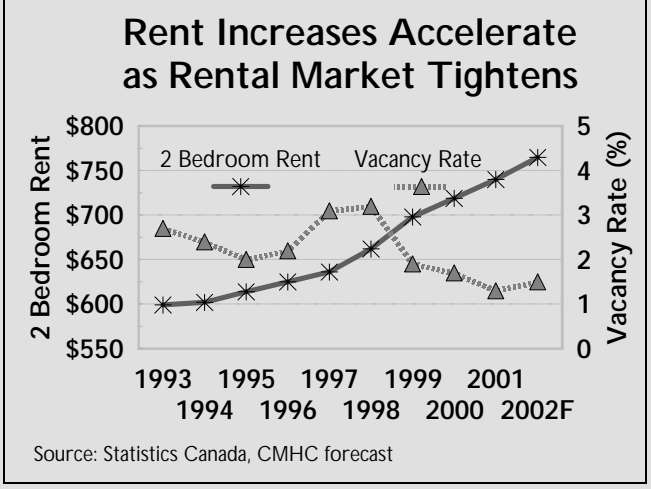
While sales activity has been booming, the number of new listings failed to keep

Rental Market

Apartment vacancy rate edges down in 2001

In 2001, the private apartment vacancy rate in the Hamilton Census Metropolitan Area (CMA) edged down to 1.3 percent from 1.7 percent a year earlier. This decline in the apartment vacancy rate was due to continued strong demand for rental accommodation combined with a small contraction in the supply of rental apartments.

Look for the rental apartment market to ease marginally in 2002 to a vacancy rate of 1.5 percent. With the rental market remaining tight, average rent increases are expected to outpace inflation. The average rent on a 2 bedroom apartment is thus forecast to rise to \$765 in October 2002.

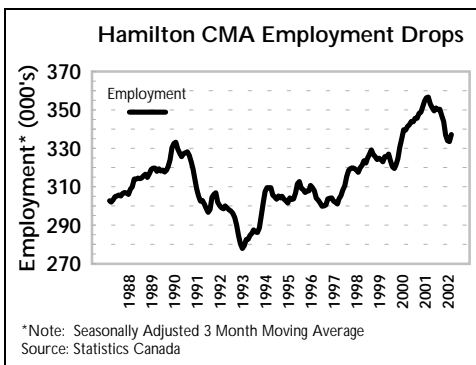


Economic Overview

Employment nose dives

Employment levels nose dived in the latter part of 2001 and by the end of the fourth quarter, employment was down by 15,200 jobs compared to the same period a year earlier. Because of year over-year employment gains in the first half of 2001, the annual average employment level actually rose 0.9 percent for the year.

The employment situation has not reversed its fortunes during the opening months of 2002 as the manufacturing sector contracted significantly. As of February this year, the seasonally adjusted employment level reached a two year low of 333,600 jobs. After five consecutive months of contraction, there was a minor up-tick in



employment in March thanks to growth in the service sector. Other sectors were not so lucky. Manufacturing moved

lower in March of this year and is now down 10,900 jobs compared to March 2001. While finance, insurance and real estate (FIRE) edged higher, it is a net loser of 4,300 jobs on a year over year basis. Even the recently expanding service sector is still 2,800 jobs lower than levels recorded in March 2001.

Those persons aged 25-44 were hit particularly hard in this recent downturn as this prime home buying age group shed 24,600 jobs as of March 2002. The vast majority of these lost jobs, 23,100, were full time. While there is often a lag between employment gains and home buying activity (as newly employed persons accumulate enough savings for a down payment), job losses impact the housing market far more quickly.

Even with projected job growth for remainder of this year, the annual average employment level is forecast to decline 1.1 percent, representing a two year low. Many of these newly employed persons will have a positive impact on the housing market in the following two years.

Mortgage rates to remain low

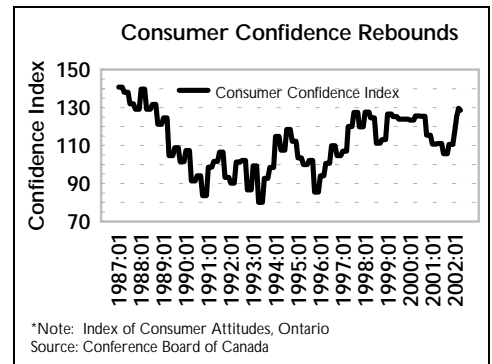
While open and variable rate mortgages generally track lenders' prime rate, fixed rate mortgages move in tandem with bond yields. As the prime rate, money market, and short-term bond yields are expected to increase in 2002, so will short term mortgage rates. In addition, as the economy strengthens and

financial markets foresee some monetary tightening, long term interest and mortgage rates increase.

The outlook for short term mortgage rates in 2002 remains favourable with the one year mortgage rate in the 4.6-5.9 per cent range. The three and five year term mortgage rates will remain in 5.9-7.6 and 6.8-8.3 percent ranges respectively.

Consumer confidence rebounds sharply

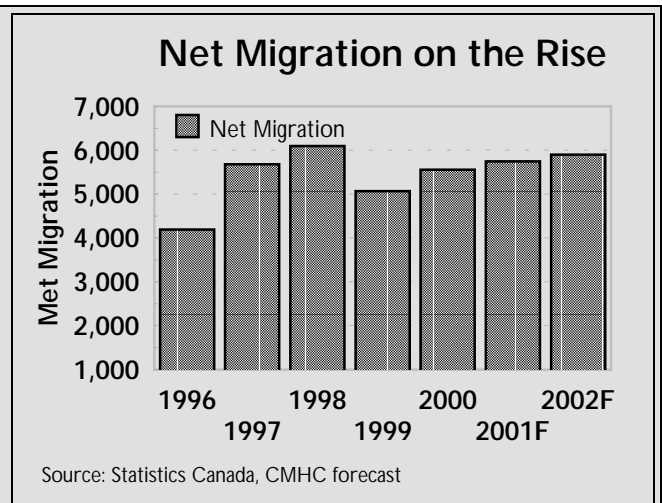
Ontario consumer confidence, as measured by the Conference Board of Canada's Index of Consumer Attitudes, rebounded sharply in the beginning of



this year attaining levels last witnessed during the late 1980s. The Ontario index came in at 129.7 in March, representing a thirteen and a half year high. Many potential buyers who were hesitating before committing to a large financial commitment entered the housing market in force in 2002.

Migration

Every year, approximately 25,000 people make the Hamilton CMA their new home while nearly 20,000 people move out of the CMA. This turnover of people generates a great deal of housing activity as new households seek accommodation and exiting household vacate their residences. The local economy has been attracting 5,000+ net migrants to the area since the 1997 thereby placing demands for additional housing stock. Tax filer data shows that net migration into the Hamilton CMA increased 9.7% to 5,560 people in 2000 from 5,069 net migrants in 1999. Of the 5,560 net migrants in the year 2000, 44.6% were in the primary home buying ages of 25 to 44, while 14.7% were in the primary renting ages of 18 to 24 age group. With national immigration on the rise, net migration levels are expected to expand.



FORECAST SUMMARY

HAMILTON CENSUS METROPOLITAN AREA

Forecast completed May 9, 2002

NEW HOME MARKET	1999	2000	2001	% Change	2002F	% Change
Complete and Unoccupied (March)						
Single-detached	78	178	137	-23.0%	277	102.2%
Multi-family (semi, row, apt.)	49	267	291	9.0%	381	30.9%
Starts						
Single-detached	1,906	1,884	1,842	-2.2%	2,100	14.0%
Multi-family	2,017	1,224	1,523	24.4%	1,300	-14.6%
Total	3,923	3,108	3,365	8.3%	3,400	1.0%
Average New House Price						
Single-detached	\$227,648	\$238,368	\$253,334	6.3%	\$260,000	2.6%

RESALE MARKET

Hamilton-Burlington and District REB						
MLS ¹ Sales	10,543	10,347	11,334	9.5%	12,000	5.9%
MLS New Listings	16,208	19,496	18,585	-4.7%	17,000	-8.5%
Sales-to-Listings Ratio	65.0%	53.1%	61.0%		70.6%	
MLS Average Price	\$158,162	\$164,168	\$172,567	5.1%	\$180,000	4.3%

RENTAL MARKET

Apartment Vacancy Rate	1.9%	1.7%	1.3%		1.5%	
Average Rent (2 bedroom)	\$698	\$719	\$740	2.9%	\$765	3.4%

ECONOMIC OVERVIEW

Mortgage Rate (1 year term)	6.80	7.85	6.12		5.39	
Mortgage Rate (5 year term)	7.56	8.35	7.40		6.15	
Employed (000's)	325.0	345.3	348.4	0.9%	344.4	-1.1%
Employment Growth (000's)	4.7	20.3	3.1		-4.0	
Net Migration (tax filer data)	5,069	5,560	5,750	3.4%	5,900	2.6%

Sources: CREA, Hamilton-Burlington and District Real Estate Board, Statistics Canada, and Conference Board of Canada
¹ Multiple Listings Service (MLS) is a registered certification mark own by the Canadian Real Estate association (CREA)

Forecast Summary is CMHC's forecast for new home and resale markets. Issues are released in the Spring and Fall of each year.

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