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New Homes

Single-detached starts still strong but fade from 2004 record levels

A buoyant resale market and persistently low long-term mortgage rates continued to support a high level of demand for new housing in the second quarter of 2005. In the London metro region, there were 616 single-detached new homes started from April to June, a 14 per cent drop from 2004's elevated levels but on a par with the strong 2003 result.

Townhouse condominium starts jumped in the second quarter largely offsetting the slide in single-family construction. The scope of this market is widening from its traditional focus on the empty nester

segment to encompass more affordable units targetted at younger families. In the second quarter, 93 townhouse condominium units were started, almost double the 49 units in 2004. There were also 39 single detached condos started in 2005:Q2.

Rental apartment construction eased in the second quarter after a fast start to 2005. Just 40 units started from April to June, compared to 144 units a year earlier. However, this slowdown will prove temporary as several projects are planned for later this year. Slower apartment starts have offset the gain in townhouse units, causing total second quarter starts in the London metro area to fall 16% to 796 units.

ISSUE 27

SECOND QUARTER 2005

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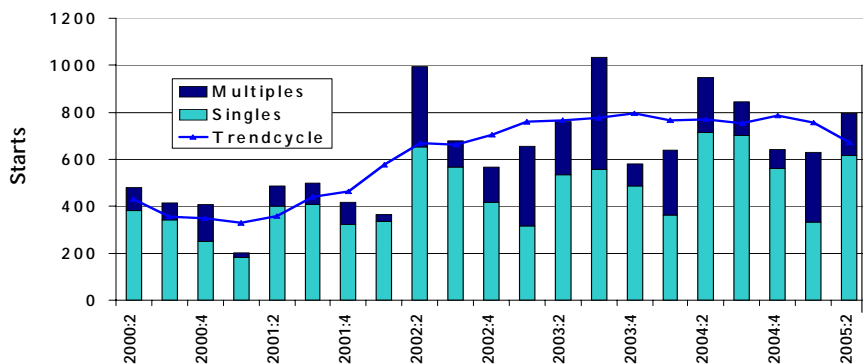
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The most active sub-markets in the City of London during the first half, were in the Northeast and West sections of the city. However, while the 192 units started in Northeast London represented a 19 per cent decline from last year, starts in West and Northwest London were both up by 14 per cent.

The average sale price for completed and sold singles in the London CMA jumped 12 per cent from 2004:Q2 to 2005:Q2, reaching \$269,923. Over a quarter of all single-family homes sold in the London metro area from April to May were priced at \$300,000 or more, an increase from only 17% in this price range a year earlier.

London CMA Housing Starts



Source: CMHC

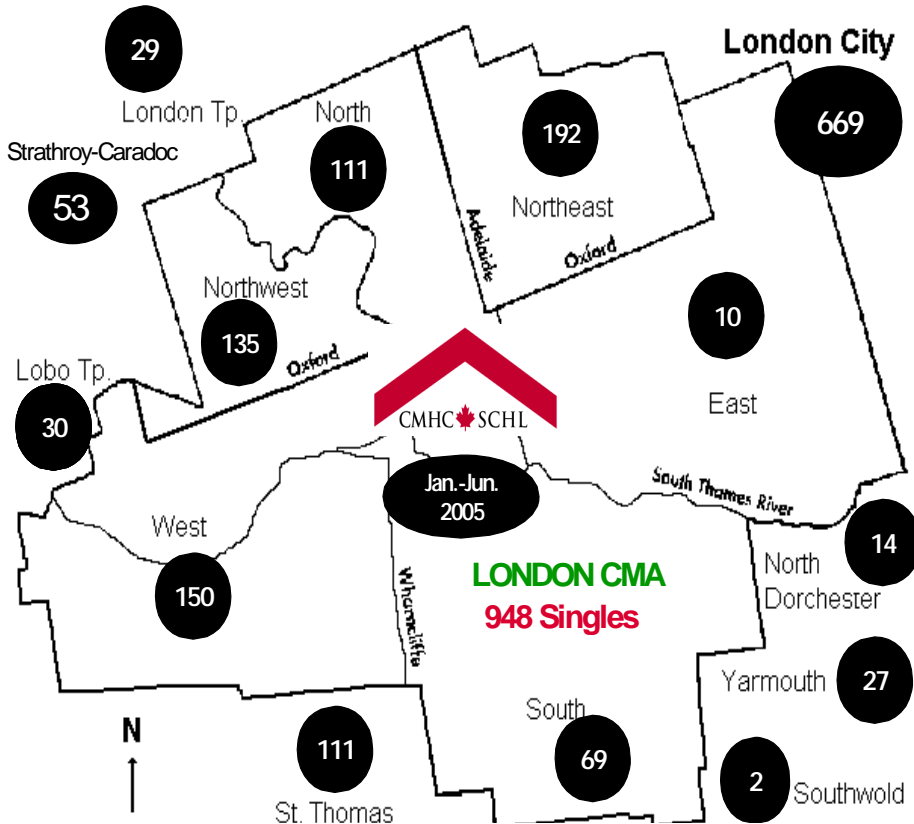
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WHERE'S THE HAMMERING BY SUB-MARKET



London metro's 2005:H1 single-detached starts

The adjacent map shows the location of single-detached new home starts in the City of London and the surrounding markets which make up London CMA (census metropolitan area).

71% or 669 of the 948 single starts were in London and 12% in St. Thomas (111 units). Not shown on the map are 8 units started in Port Stanley, 2 units in Delaware and 3 units in West Nissouri.

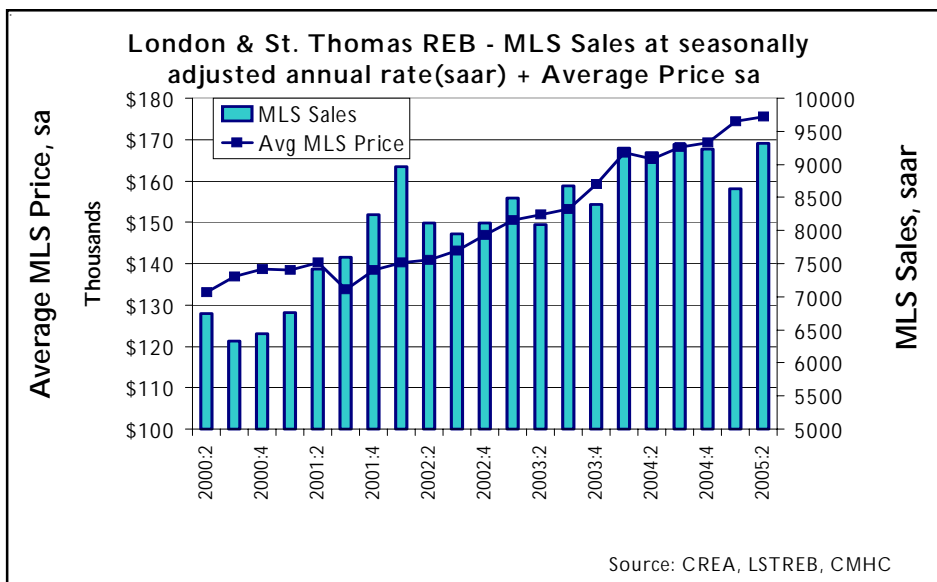
MLS Sales rebound in 2005:Q2 to new record

MLS home sales in the London & St. Thomas Real Estate area bounced back in May and June, as lower mortgage rates spurred the first time home buyer market. Second quarter sales hit a new peak of 2,933, for the 5th consecutive year of record sales.

Although sales were strong, the average price actually eased in the second quarter to \$178,798, off slightly from the previous three months. The surge in starter home activity increased the share of modestly priced homes in the overall market.

New listings rose 4.1% year-over-year in 2005Q2 despite a sharp fall-off in June. With the pick-up in sales over the last two months, the sales-to-new-listing ratio has rebounded just above 60 per cent, returning the London market to a moderate Sellers market.

Source: CMHC



Source: CREA, LSTREB, CMHC



Table 1: Housing Activity Summary for London CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
STARTS								
Q2 2005	616	8	0	93	0	39	40	796
Q2 2004	714	2	0	49	0	41	144	950
% Change	-13.7	**	NA	89.8	NA	-4.9	-72.2	-16.2
Year-to-date 2005	948	12	0	137	0	39	289	1,425
Year-to-date 2004	1,076	2	0	65	80	48	319	1,590
% Change	-11.9	**	NA	110.8	-100.0	-18.8	-9.4	-10.4
UNDER CONSTRUCTION								
June 2005	773	28	6	162	80	39	604	1,692
June 2004	806	2	15	187	80	50	836	1,976
COMPLETIONS								
Q2 2005	434	2	0	118	0	16	14	584
Q2 2004	473	2	7	41	0	37	533	1,093
% Change	-8.2	0.0	-100.0	187.8	NA	-56.8	-97.4	-46.6
Year-to-date 2005	864	4	6	159	0	22	243	1,298
Year-to-date 2004	866	16	19	62	0	37	533	1,533
% Change	-0.2	-75.0	-68.4	156.5	NA	-40.5	-54.4	-15.3
COMPLETE & NOT ABSORBED								
June 2005	100	1	3	96	0	18	435	653
June 2004	66	0	2	33	0	30	327	458
ABSORPTIONS								
Q2 2005	442	1	3	87	0	5	40	578
Q2 2004	482	5	11	45	0	7	207	757
% Change	-8.3	-80.0	-72.7	93.3	NA	-28.6	-80.7	-23.6
Year-to-date 2005	867	3	3	116	0	16	93	1,098
Year-to-date 2004	864	16	22	65	0	7	207	1,181
% Change	0.3	-81.3	-86.4	78.5	NA	128.6	-55.1	-7.0

* Includes all market types

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

Source: CMHC

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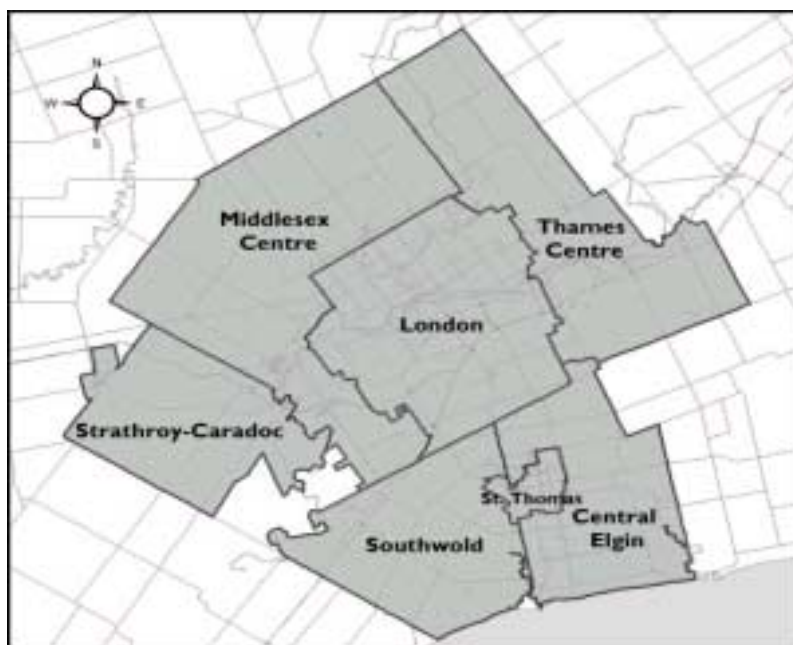


Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q2 2004	Q2 2005	% change	Q2 2004	Q2 2005	% change	Q2 2004	Q2 2005	% change
London CMA	714	616	-13.7	236	180	-23.7	950	796	-16.2
London City	510	426	-16.5	221	136	-38.5	731	562	-23.1
St. Thomas City	85	77	-9.4	0	0	NA	85	77	-9.4
Central Elgin	14	18	28.6	0	0	NA	14	18	28.6
Middlesex Centre	35	44	25.7	0	42	NA	35	86	145.7
Southwold Twp.	2	1	-50.0	0	0	NA	2	1	-50.0
Strathroy-Caradoc Twp.	49	36	-26.5	2	2	0.0	51	38	-25.5
Thames Centre	19	14	-26.3	13	0	-100.0	32	14	-56.3

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

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2004	YTD 2005	% change	YTD 2004	YTD 2005	% change	YTD 2004	YTD 2005	% change
London CMA	1,076	948	-11.9	514	477	-7.2	1,590	1,425	-10.4
London City	787	669	-15.0	499	429	-14.0	1,286	1,098	-14.6
St. Thomas City	133	111	-16.5	0	4	NA	133	115	-13.5
Central Elgin	15	35	133.3	0	0	NA	15	35	133.3
Middlesex Centre	48	61	27.1	0	42	NA	48	103	114.6
Southwold Twp.	2	2	0.0	0	0	NA	2	2	0.0
Strathroy-Caradoc Twp.	62	53	-14.5	2	2	0.0	64	55	-14.1
Thames Centre	29	17	-41.4	13	0	-100.0	42	17	-59.5

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

Sub Market Area	Q2 2004	Q2 2005	% Change	YTD 2004	YTD 2005	% Change
London CMA	241,023	269,923	12.0	240,242	265,310	10.4
London City	247,495	275,952	11.5	243,931	273,005	11.9
St. Thomas City	172,788	229,712	32.9	177,226	214,195	20.9
Central Elgin	317,727	260,436	-18.0	259,840	228,643	-12.0
Middlesex Centre	282,494	298,705	5.7	285,358	338,515	18.6
Southwold Twp.	NA	NA	NA	287,500	NA	NA
Strathroy-Caradoc Twp.	214,813	219,727	2.3	198,444	216,896	9.3
Thames Centre	291,133	NA	NA	323,745	336,364	3.9

Note: NA may appear where CMHC data suppression rules apply

Source: CMHC

Note: Municipal amalgamations resulted in the creation of the Municipality of Central Elgin (formerly Belmont, Port Stanley and Yarmouth Township); the Municipality of Thames Centre (formerly the Townships of North Dorchester and West Nissouri); and, the Township of Middlesex Centre (formerly the Townships of Delaware, Lobo, and London). The amalgamated centre of Strathroy-Caradoc Township was first surveyed as component of the London Census Metropolitan Area (CMA) in 2002. The change in the components of the London CMA were based on results from Statistics Canada - 2001 Census of Canada.

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

AREA	PRICE RANGES										
	<\$150,000		\$150-\$174,999		\$175-\$249,999		\$250-\$299,999		\$300,000+		TOTAL
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
London CMA											
Q2 2005	5	1.1	30	6.8	207	47.2	77	17.5	120	27.3	439
Q2 2004	16	3.4	76	16.0	234	49.3	69	14.5	80	16.8	475
YTD 2005	8	0.9	72	8.4	430	49.9	145	16.8	207	24.0	862
YTD 2004	32	3.7	140	16.3	413	48.2	136	15.9	136	15.9	857
London City											
Q2 2005	1	0.3	15	4.7	148	46.1	57	17.8	100	31.2	321
Q2 2004	4	1.1	42	12.1	188	54.0	55	15.8	59	17.0	348
YTD 2005	1	0.2	33	5.5	294	48.8	107	17.7	168	27.9	603
YTD 2004	10	1.7	85	14.1	307	50.8	105	17.4	97	16.1	604
St. Thomas City											
Q2 2005	1	2.0	8	16.0	30	60.0	5	10.0	6	12.0	50
Q2 2004	11	16.7	28	42.4	26	39.4	1	1.5	0	0.0	66
YTD 2005	4	3.8	24	23.1	57	54.8	11	10.6	8	7.7	104
YTD 2004	18	17.0	42	39.6	41	38.7	5	4.7	0	0.0	106
Central Elgin											
Q2 2005	0	0.0	2	11.1	9	50.0	5	27.8	2	11.1	18
Q2 2004	0	0.0	2	18.2	1	9.1	1	9.1	7	63.6	11
YTD 2005	0	0.0	6	14.0	27	62.8	5	11.6	5	11.6	43
YTD 2004	0	0.0	3	12.0	11	44.0	2	8.0	9	36.0	25
Middlesex Centre											
Q2 2005	1	4.3	1	4.3	8	34.8	7	30.4	6	26.1	23
Q2 2004	0	0.0	0	0.0	5	31.3	5	31.3	6	37.5	16
YTD 2005	1	2.2	1	2.2	15	32.6	14	30.4	15	32.6	46
YTD 2004	0	0.0	1	2.6	13	33.3	10	25.6	15	38.5	39
Southwold Twp.											
Q2 2005	0	0.0	0	0.0	0	0.0	0	0.0	2	100.0	2
Q2 2004	0	0.0	0	0.0	0	0.0	0	0.0	3	100.0	3
YTD 2005	0	0.0	0	0.0	0	0.0	0	0.0	2	100.0	2
YTD 2004	0	0.0	2	33.3	0	0.0	1	16.7	3	50.0	6
Strathroy-Caradoc Twp.											
Q2 2005	2	9.1	4	18.2	11	50.0	2	9.1	3	13.6	22
Q2 2004	1	6.3	4	25.0	8	50.0	1	6.3	2	12.5	16
YTD 2005	2	3.8	8	15.1	33	62.3	4	7.5	6	11.3	53
YTD 2004	4	11.1	7	19.4	21	58.3	2	5.6	2	5.6	36
Thames Centre											
Q2 2005	0	0.0	0	0.0	1	33.3	1	33.3	1	33.3	3
Q2 2004	0	0.0	0	0.0	6	40.0	6	40.0	3	20.0	15
YTD 2005	0	0.0	0	0.0	4	36.4	4	36.4	3	27.3	11
YTD 2004	0	0.0	0	0.0	20	48.8	11	26.8	10	24.4	41

Note: N/A may appear where CMHC data suppression rules apply.

Source: CMHC

Table 5: Resale Housing Activity for London & St. Thomas Real Estate Board

		Number of Sales	Yr/Yr %	Sales SAAR	Number of New Listings	New Listings SAAR	Sales-to-New Listings SA	Average Price (\$)	Yr/Yr %	Average Price (\$) SA
2004	January	443	-12.1	8,500	1,010	12,600	67.7	167,090	13.3	168,066
	February	701	9.4	8,900	1,024	12,400	71.2	163,715	10.3	166,069
	March	1,049	40.1	10,400	1,519	14,500	71.7	165,469	7.5	166,371
	April	963	8.4	9,100	1,517	14,500	62.8	169,899	12.9	167,428
	May	1,002	16.6	9,800	1,476	14,500	67.6	168,836	7.7	164,445
	June	921	8.0	8,600	1,433	15,100	57.2	164,097	5.0	163,548
	July	901	-2.1	9,500	1,327	14,600	65.1	170,651	11.2	164,862
	August	801	14.4	9,200	1,140	14,300	64.4	167,489	7.7	168,758
	September	712	2.6	9,200	1,192	14,600	62.5	170,580	11.3	170,747
	October	698	8.4	9,800	1,071	15,300	64.4	171,633	9.8	174,193
	November	639	14.9	9,000	947	14,500	62.5	163,030	7.4	169,281
	December	408	1.0	8,800	527	13,300	66.3	162,496	1.9	163,953
2005	January	456	2.9	9,200	1,071	14,200	64.8	165,342	-1.0	168,315
	February	688	-1.9	8,700	1,143	14,000	62.2	179,395	9.6	178,659
	March	796	-24.1	8,000	1,247	12,300	64.8	176,439	6.6	176,848
	April	917	-4.8	9,000	1,567	15,100	59.7	179,155	5.4	176,095
	May	996	-0.6	9,300	1,704	15,400	59.9	178,734	5.9	175,069
	June	1,020	10.7	9,700	1,338	14,400	67.1	178,538	8.8	175,236
	July									
	August									
	September									
	October									
	November									
	December									
Q2 2004	2,886	11.0	9,200	4,426	14,700	62.5	167,678	8.6	165,153	
Q2 2005	2,933	1.6	9,300	4,609	15,000	62.2	178,798	6.6	175,457	
YTD 2004	5,079	13.0		7,979			166,624	9.1%		
YTD 2005	4,873	-4.1		8,070			177,237	6.4%		

	Annual Sales	Yr/Yr %		Annual New Listings	Yr/Yr %		Annual Average Price (\$)	Yr/Yr %	
1995	5,510	-7.5		15,843	-1.6		128,643	-5.1	
1996	6,906	25.3		16,421	3.6		129,338	0.5	
1997	6,454	-6.5		15,784	-3.9		131,382	1.6	
1998	6,562	1.7		15,258	-3.3		131,299	-0.1	
1999	6,864	4.6		13,661	-10.5		131,254	0.0	
2000	6,616	-3.6		13,598	-0.5		135,857	3.5	
2001	7,503	13.4		13,434	-1.2		137,717	1.4	
2002	8,290	10.5		12,907	-3.9		142,745	3.7	
2003	8,412	1.5		12,845	-0.5		153,637	7.6	
2004	9,238	9.8		14,183	10.4		167,344	8.9	

Source: Canadian Real Estate Association

Table 6: Economic Indicators

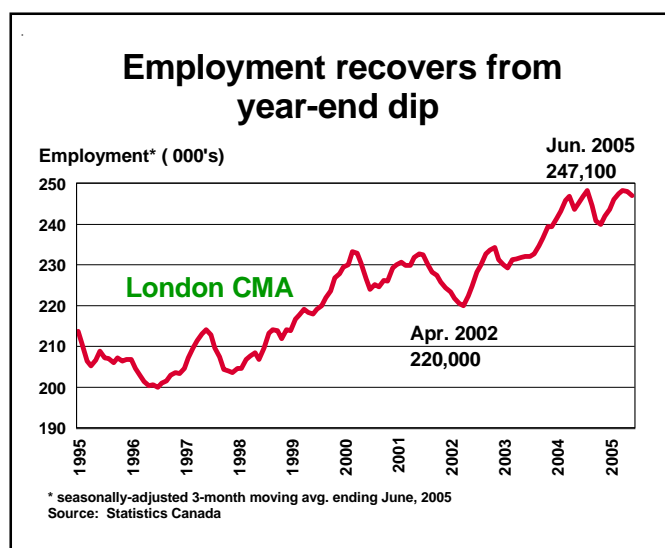
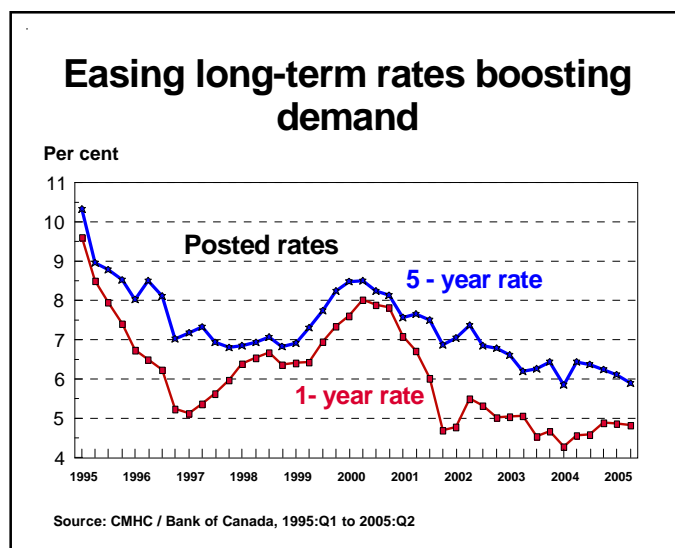
		Interest and Exchange Rates				Inflation Rate (%)	NHIPI*** % chg.	London CMA Labour Market		
		P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)			Ontario 1996=100	London CMA 1997=100	Employment
			1 Yr. Term	5 Yr. Term		SA** (,000)	SA m/m (%)			Rate (%) SA
2004	January	642.78	4.3	6.1	0.755	1.5	5.0	241.5	0.9	6.4
	February	627.97	4.3	5.8	0.749	0.8	6.1	243.2	0.7	6.6
	March	622.08	4.3	5.7	0.763	1.1	5.2	245.9	1.1	6.0
	April	648.75	4.5	6.2	0.729	2.3	4.3	246.8	0.4	5.8
	May	669.82	4.6	6.5	0.733	2.8	4.3	243.6	-1.3	5.5
	June	681.99	4.7	6.7	0.750	2.4	4.7	245.0	0.6	5.0
	July	672.86	4.6	6.6	0.752	2.4	4.7	246.9	0.8	4.9
	August	657.75	4.4	6.3	0.762	1.5	4.8	248.3	0.6	5.0
	September	657.75	4.8	6.3	0.793	1.5	4.8	244.7	-1.4	5.7
	October	663.77	4.9	6.4	0.821	2.1	5.1	240.8	-1.6	6.3
	November	657.75	5.0	6.3	0.843	2.2	4.3	240.1	-0.3	6.8
	December	642.78	4.8	6.1	0.832	1.9	4.0	242.0	0.8	6.7
2005	January	642.78	4.8	6.1	0.806	1.6	4.9	243.7	0.7	6.4
	February	642.78	4.8	6.1	0.811	2.2	3.2	246.0	0.9	6.0
	March	654.74	5.1	6.3	0.827	2.3	3.5	247.4	0.6	6.4
	April	642.78	4.9	6.1	0.795	2.3	5.1	248.3	0.4	6.6
	May	636.84	4.9	6.0	0.797	1.5	5.9	248.0	-0.1	6.9
	June	622.08	4.8	5.7	0.816			247.1	-0.4	6.7
	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

Sources: CMHC, Statistics Canada, Bank of Canada



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>

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