

YOUR LINK TO THE HOUSING MARKET New Home Market

Single Family Construction on the upswing in Sudbury and Thunder Bay

Moving through 2002:Q3, Sudbury and Thunder Bay single-detached starts continued strongly ahead of last year's levels and 5 year averages. Sudbury's count of 102 units was 47 per cent ahead of the 5 year average for singles starts while Thunder Bay's total of 79 units was 25 per cent ahead of the 5 year average. (see **Chart below**) The chart below clearly shows the strength in this year's market compared to the last four. Permit activity in September in both markets is a precursor of a relatively strong fourth quarter as well. North Bay and Sault Ste. Marie had reasonable third quarters as well. North Bay had 16 private row units

start in the third quarter leading to total starts finishing the first nine months of 2002 at 92 units, 24 units ahead of last year's first three quarters. Sault Ste. Marie saw housing starts fall, but only by three units to 35 units from 38 last year in 2002:Q3 but total starts were up two units to 67 from 65 last year. (see **Tables 1a-1d**) In other parts of Northern Ontario, the third quarter was busy in Timmins, Haileybury, Kenora and Dryden compared to the previous year. In these four centers, starts from January to September 30th were ahead of the same period one year ago. (see **Table 2**).

An analysis of the supply and demand of new construction in our key markets, Thunder Bay, Sudbury, North Bay, Sault Ste. Marie, and

Canada Mortgage and Housing Corporation

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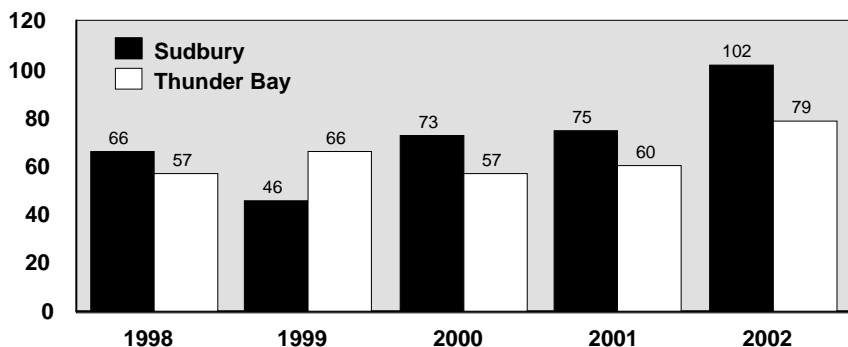
IN THIS ISSUE

New Homes.....	1
Employment Overview.....	2
Migration.....	7
Statistical Tables	
New Home Market.....	3-5
Economic Snapshot.....	6
Resale Market.....	6
Forecast Summary.....	8

Kenora is found in **Table 3**. Monthly average absorption rates in the five markets remain relatively low with Sudbury having the highest of the five, followed by Thunder Bay and North Bay.

Table 4 presents absorptions by volume and by price range. Absorptions are up in Sudbury and Thunder Bay in the third quarter over the same period last year. Absorptions in North Bay and Sault Ste. Marie trail previous year levels. The \$150,000 to \$199,999 price range remains the most popular in the four key markets throughout Northern Ontario.

Third Quarter 2002 single-detached housing starts for Thunder Bay and Greater Sudbury



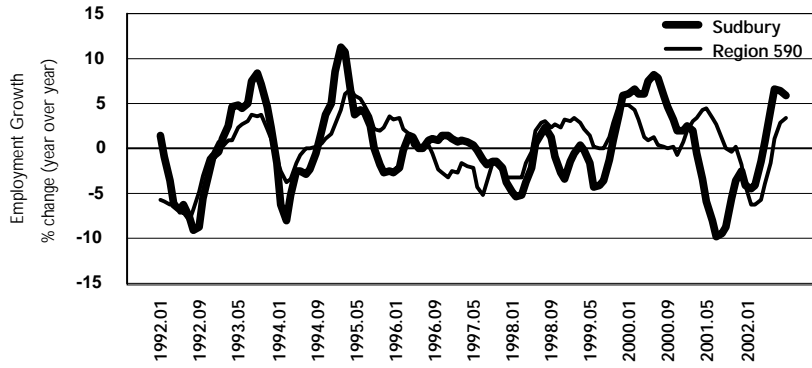
Source: CMHC.

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HOME TO CANADIANS
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Employment growth was positive in the 3rd quarter in Greater Sudbury while Economic Region 590 numbers of late have turned positive



Note: Per cent change of unadjusted 15+ employment.
 Source: Statistics Canada Labour Force Survey.
 Note: Data to Sept 30, 2002.

2002:Q2 and Q1 is 1,400 jobs behind 2001:Q3. Both Northwestern Ontario (Region 595) and Northeastern Ontario (Region 590) employment shot up in the third quarter but only Region 595 finds its employment ahead of the same period last year. The Northeastern Ontario employment average for 2002 is two per cent behind while the Northwest is five per cent ahead. Labour force growth in Sudbury that is outstripping employment growth has left the unemployment rate quite high with it averaging 9.2 per cent, down from 9.8 per cent for 2001:Q3 but still the highest of the four jurisdictions reported in **Table 5**. Thunder Bay, on the other hand, recorded a relatively low

Sudbury Employment jumps while Thunder Bay is Down but Stabilizing

Table 5 shows marked improvement in Northern Ontario labour markets compared to 2002: Q2. Sudbury Labour Force Survey results show employment jumped by over 3,000 jobs to average 75,900 employed for the quarter compared to 72,300 in the second quarter and 71,100 in the third quarter of 2001. Employment this year for the first nine months of 2002 is up 1.3 per cent from last year. (see **Charts below**) This jump could be extremely stimulative to housing markets next year. Thunder Bay, had a good third quarter also but weaker employment numbers in the first and second quarter will make it tough for Thunder Bay employment to finish ahead of last year. To September 30th, employment is off 3.1 per cent from the same period in 2001. The third quarter average, despite the improvement from

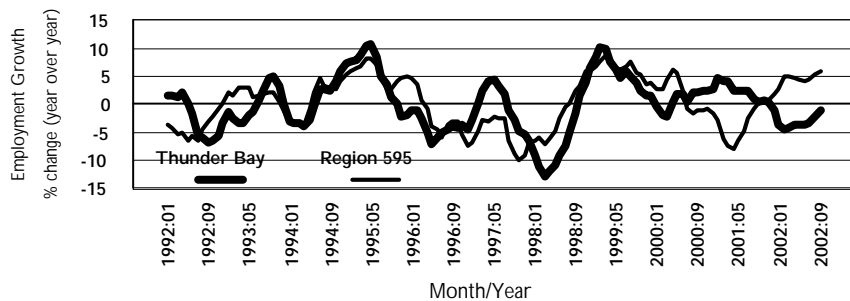
unemployment rate of 6.4 per cent in the third quarter amidst a weaker employment environment. (see **Table 5**).

Low Carrying Costs Driving Resale Market Strength in Northern Ontario

Resale market information is provided in **Table 6** for all markets that have functioning Real Estate Boards in Northern Ontario. With mortgage rates at historical lows, affordability has been a key factor in boosting four of five resale markets in Northern Ontario. This sentiment has rung true all year in our Northern Ontario markets with operating Real Estate Boards. Only North Bay saw fewer third quarter sales compared to last year's third quarter and this was after a blistering first six months. Resales were up 5.1 per cent in Thunder Bay, 0.7 per cent in Sudbury and 30.6 per cent in Sault Ste. Marie according to data released by the five Northern Ontario Real Estate Boards.

Seasonally adjusted quarterly sales for Thunder Bay moved sideways Q2 to Q3 after a healthy jump from Q1 to Q2. Sudbury, on the other hand has seen seasonally adjusted quarterly sales drop steadily from a peak in 2001:Q4. Average price increases in 2002:Q3 were experienced in each of the five markets third quarter to third quarter. Listing shortages may have partially contributed to the price rises in four of five markets. Only Sault Ste. Marie had higher third quarter listings compared to last year's third quarter. Also, of note, Sudbury joined North Bay as Northern Ontario's only other balanced market. (see **Table 6**).

Employment growth is creeping up in Thunder Bay while Economic Region 595 employment growth averaged five per cent in the 2002:Q3



Note: Per cent change of unadjusted 15+ employment.
 Source: Statistics Canada Labour Force Survey.
 Note: Data to Sept. 30, 2002.

**Table 1A: Sudbury CMA
Housing Starts and Completions, Third Quarter, 2002**

SUDBURY CMA	OWNERSHIP							RENTAL				GRAND TOTAL
	FREEHOLD			CONDOMINIUM				PRIVATE		ASSISTED		
	SINGLE	SEMI	ROW	SINGLE	SEMI	ROW	APT	ROW	APT	ROW	APT	
PENDING												
- Current Quarter	28	0	0	0	0	0	0	0	0	0	0	28
- Previous Year	1	0	0	0	0	0	0	0	0	0	0	1
STARTS												
- Current Quarter	102	0	0	0	0	0	0	0	4	0	0	106
- Previous Year	75	0	0	0	0	0	0	0	0	0	0	75
- Year-To-Date 2002	209	2	0	0	0	0	0	0	4	0	0	215
- Year-To-Date 2001	149	0	0	0	0	0	0	0	0	0	0	149
UNDER CONSTRUCTION												
- 2002	115	0	0	0	0	0	0	0	4	0	0	119
- 2001	78	0	0	0	0	0	0	0	0	0	0	78
COMPLETIONS												
- Current Quarter	86	2	0	0	0	0	0	0	0	0	0	88
- Previous Year	65	0	0	0	0	0	0	0	0	0	0	65
- Year-To-Date 2002	152	2	0	0	0	0	0	0	0	0	0	154
- Year-To-Date 2001	118	0	0	0	0	0	0	0	0	0	0	118
COMPLETED & NOT ABSORBED												
- 2002	11	2	0	0	0	0	0	0	0	0	0	13
- 2001	10	1	0	0	0	0	0	0	0	0	0	11
TOTAL SUPPLY												
- 2002	154	2	0	0	0	0	0	0	4	0	0	160
- 2001	89	1	0	0	0	0	0	0	0	0	0	90
ABSORPTIONS												
- Current Quarter	78	0	0	0	0	0	0	0	0	0	0	78
- Previous Year	65	0	0	0	0	0	0	0	0	0	0	65
- Year-To-Date 2002	154	1	0	0	0	0	0	0	0	0	0	155
- Year-To-Date 2001	117	0	0	0	0	0	0	0	6	0	0	123
3-month Average	20	0	0	0	0	0	0	0	0	0	0	20
12-month Average	18	0	0	0	0	0	0	0	0	0	0	18

Source: CMHC Starts and Completions Survey.

**Table 1B: Thunder Bay CMA
Housing Starts and Completions, Third Quarter, 2002**

THUNDER BAY CMA	OWNERSHIP							RENTAL				GRAND TOTAL
	FREEHOLD			CONDOMINIUM				PRIVATE		ASSISTED		
	SINGLE	SEMI	ROW	SINGLE	SEMI	ROW	APT	ROW	APT	ROW	APT	
PENDING												
- Current Quarter	25	2	0	0	0	0	0	0	0	0	0	27
- Previous Year	9	0	0	0	0	0	0	0	0	0	0	9
STARTS												
- Current Quarter	79	0	0	0	0	0	0	0	0	0	0	79
- Previous Year	60	2	0	0	0	0	0	0	0	0	0	62
- Year-To-Date 2002	142	2	0	0	0	0	0	0	0	0	0	144
- Year-To-Date 2001	110	4	0	0	0	0	0	4	0	0	0	118
UNDER CONSTRUCTION												
- 2002	101	0	0	0	0	0	38	0	4	0	0	143
- 2001	94	4	0	0	0	0	0	0	4	0	0	102
COMPLETIONS												
- Current Quarter	52	2	0	0	0	0	0	0	0	0	0	54
- Previous Year	28	2	0	0	0	0	0	0	0	0	0	30
- Year-To-Date 2002	117	4	0	0	0	0	0	0	0	0	0	121
- Year-To-Date 2001	58	2	5	0	0	0	0	0	0	0	0	65
COMPLETED & NOT ABSORBED												
- 2002	8	2	0	0	0	0	6	0	0	0	0	16
- 2001	9	0	0	0	0	0	8	0	0	0	0	17
TOTAL SUPPLY												
- 2002	134	4	0	0	0	0	44	0	4	0	0	186
- 2001	112	4	0	0	0	0	8	0	4	0	0	128
ABSORPTIONS												
- Current Quarter	56	0	0	0	0	0	0	0	0	0	0	56
- Previous Year	30	2	1	0	0	0	0	0	0	0	0	33
- Year-To-Date 2002	118	3	0	0	0	0	2	0	0	0	0	123
- Year-To-Date 2001	62	2	5	0	0	0	0	0	0	0	0	69
3-month Average	13	0	0	0	0	0	0	0	0	0	0	13
12-month Average	15	1	0	0	0	0	0	0	0	0	0	16

Source: CMHC Starts and Completions Survey.

**Table 1C: North Bay CA
Housing Starts and Completions, Third Quarter, 2002**

NORTH BAY CA	OWNERSHIP							RENTAL				GRAND TOTAL
	FREEHOLD			CONDOMINIUM				PRIVATE		ASSISTED		
	SINGLE	SEMI	ROW	SINGLE	SEMI	ROW	APT	ROW	APT	ROW	APT	
PENDING												
- Current Quarter	11	0	0	0	0	0	0	0	0	0	0	11
- Previous Year	12	0	0	0	0	0	0	0	0	0	0	12
STARTS												
- Current Quarter	39	0	0	0	0	0	0	16	0	0	0	55
- Previous Year	42	0	0	0	0	0	0	0	0	0	0	42
- Year-To-Date 2002	76	0	0	0	0	0	0	16	0	0	0	92
- Year-To-Date 2001	68	0	0	0	0	0	0	0	0	0	0	68
UNDER CONSTRUCTION												
- 2002	57	0	0	0	0	0	0	16	0	0	0	73
- 2001	40	0	0	0	0	0	0	0	0	0	0	40
COMPLETIONS												
- Current Quarter	20	0	0	0	0	0	0	0	0	0	0	20
- Previous Year	32	4	0	0	0	0	0	0	0	0	0	36
- Year-To-Date 2002	53	0	0	0	0	0	0	0	0	0	0	53
- Year-To-Date 2001	60	8	0	0	0	0	0	0	0	0	0	68
COMPLETED & NOT ABSORBED												
- 2002	9	3	0	0	0	0	0	0	0	0	0	12
- 2001	15	12	0	0	0	0	0	0	0	0	0	27
TOTAL SUPPLY												
- 2002	77	3	0	0	0	0	0	16	0	0	0	96
- 2001	67	12	0	0	0	0	0	0	0	0	0	79
ABSORPTIONS												
- Current Quarter	24	1	0	0	0	0	0	0	0	0	0	25
- Previous Year	24	3	0	0	0	0	0	0	0	0	0	27
- Year-To-Date 2002	54	5	0	0	0	0	0	0	0	0	0	59
- Year-To-Date 2001	58	4	0	0	0	0	0	0	3	0	0	65
3-month Average	6	0	0	0	0	0	0	0	0	0	0	6
12-month Average	7	1	0	0	0	0	0	0	0	0	0	8

Source: CMHC Starts and Completions Survey.

**Table 1D: Sault Ste. Marie CA
Housing Starts and Completions, Third Quarter, 2002**

SAULT STE. MARIE CA	OWNERSHIP							RENTAL				GRAND TOTAL
	FREEHOLD			CONDOMINIUM				PRIVATE		ASSISTED		
	SINGLE	SEMI	ROW	SINGLE	SEMI	ROW	APT	ROW	APT	ROW	APT	
PENDING												
- Current Quarter	11	0	0	0	0	0	0	0	0	0	0	11
- Previous Year	7	0	0	0	0	0	0	0	0	0	0	7
STARTS												
- Current Quarter	31	0	4	0	0	0	0	0	0	0	0	35
- Previous Year	32	6	0	0	0	0	0	0	0	0	0	38
- Year-To-Date 2002	56	4	7	0	0	0	0	0	0	0	0	67
- Year-To-Date 2001	59	6	0	0	0	0	0	0	0	0	0	65
UNDER CONSTRUCTION												
- 2002	48	2	7	0	0	0	0	0	0	0	0	57
- 2001	48	6	4	0	0	0	0	0	0	0	0	58
COMPLETIONS												
- Current Quarter	9	2	0	0	0	0	0	0	0	0	0	11
- Previous Year	16	0	0	0	0	0	0	0	0	0	0	16
- Year-To-Date 2002	43	2	0	0	0	0	0	0	0	0	0	45
- Year-To-Date 2001	41	4	6	0	0	0	0	0	0	0	0	51
COMPLETED & NOT ABSORBED												
- 2002	1	1	1	0	0	0	0	0	0	0	0	3
- 2001	5	0	2	0	0	0	0	0	0	0	0	7
TOTAL SUPPLY												
- 2002	60	3	8	0	0	0	0	0	0	0	0	71
- 2001	60	6	6	0	0	0	0	0	0	0	0	72
ABSORPTIONS												
- Current Quarter	9	1	0	0	0	0	0	0	0	0	0	10
- Previous Year	14	0	1	0	0	0	0	0	0	0	0	15
- Year-To-Date 2002	43	3	2	0	0	0	0	0	0	0	0	48
- Year-To-Date 2001	42	4	6	0	0	0	0	0	0	0	0	52
3-month Average	3	0	0	0	0	0	0	0	0	0	0	3
12-month Average	6	1	0	0	0	0	0	0	0	0	0	7

Source: CMHC Starts and Completions Survey.

**Table 2: Northern Ontario Small Markets
Housing Starts By Municipality, Third Quarter, 2002**

	OWNERSHIP							RENTAL				GRAND TOTAL
	FREEHOLD			CONDOMINIUM				PRIVATE		ASSISTED		
	SINGLE	SEMI	ROW	SINGLE	SEMI	ROW	APT	ROW	APT	ROW	APT	
TIMMINS CA												
STARTS												
- Current Quarter	13	0	0	0	0	0	0	0	0	0	0	13
- Previous Year	2	0	0	0	0	0	0	0	0	0	0	2
- Year-To-Date 2002	23	0	0	0	0	0	0	0	0	0	0	23
- Year-To-Date 2001	11	0	0	0	0	0	0	0	0	0	0	11
ELLIOT LAKE CA												
STARTS												
- Current Quarter	0	0	0	0	0	0	0	0	0	0	0	0
- Previous Year	0	0	0	0	0	0	0	0	0	0	0	0
- Year-To-Date 2002	0	0	0	0	0	0	0	0	0	0	0	0
- Year-To-Date 2001	0	0	0	0	0	0	0	0	0	0	0	0
HAILEYBURY CA												
STARTS												
- Current Quarter	12	0	0	0	0	0	0	0	0	0	0	12
- Previous Year	5	0	0	0	0	0	0	0	0	0	0	5
- Year-To-Date 2002	13	0	0	0	0	0	0	0	0	0	0	13
- Year-To-Date 2001	8	0	0	0	0	0	0	0	0	0	0	8
KENORA CA												
STARTS												
- Current Quarter	18	2	0	0	0	0	0	0	0	0	0	20
- Previous Year	8	0	0	0	0	0	0	0	0	0	0	8
- Year-To-Date 2002	20	2	0	0	0	0	0	0	0	0	0	22
- Year-To-Date 2001	14	0	0	0	0	0	4	0	4	0	0	22
FORT FRANCES												
STARTS												
- Current Quarter	5	0	0	0	0	0	0	0	0	0	0	5
- Previous Year	5	0	0	0	0	0	0	0	0	0	0	5
- Year-To-Date 2002	6	0	0	0	0	0	0	0	0	0	0	6
- Year-To-Date 2001	8	0	0	0	0	0	0	0	0	0	0	8
DRYDEN												
STARTS												
- Current Quarter	16	0	0	0	0	0	0	0	4	0	0	20
- Previous Year	14	0	0	0	0	0	0	0	0	0	0	14
- Year-To-Date 2002	24	0	0	0	0	0	0	0	4	0	0	28
- Year-To-Date 2001	17	0	0	0	0	0	0	0	0	0	0	17

Source: CMHC Starts and Completions Survey.

Table 3: Northern Ontario New Construction Supply and Demand

	UNDER CONSTRUCTION	COMPLETE & UNOCCUPIED	TOTAL	DURATION OF SUPPLY	AVERAGE MONTHLY ABSORPTION
THUNDER BAY CMA					
SINGLES	101	8	109	7.3	14.8
SEMIS	0	2	2	4.0	0.5
SUDBURY CMA					
SINGLES	115	11	126	7.2	17.6
SEMIS	0	2	2	24.0	0.1
SAULT STE MARIE CA					
SINGLES	48	1	49	8.4	5.8
SEMIS	2	1	3	5.1	0.6
NORTH BAY CA					
SINGLES	57	9	66	8.9	7.4
SEMIS	0	3	3	3.6	0.8
KENORA CA					
SINGLES	19	0	19	28.5	0.7
SEMIS	n/a	n/a	n/a	n/a	n/a

Note: Duration of Supply, in months (Total Supply/Monthly absorption)

Data to September 30, 2002.

Source: CMHC Starts and Completions Survey.

**Table 4: Northern Ontario
ABSORBED NEW SINGLE AND SEMI-DETACHED DWELLINGS BY PRICE RANGE
Third Quarter, 2002**

Price Range		3Q 2002	3Q 2001	% change	YTD 2002	YTD 2001	% change
Sudbury CMA							
< \$150000	No.	15	18	-16.7	36	26	38.5
	%	19.2	27.7		23.4	21.0	
\$150,000-199,999	No.	41	35	17.1	77	78	-1.3
	%	52.6	53.8		50.0	62.9	
\$200,000 +	No.	22	12	83.3	41	20	105.0
	%	28.2	18.5		26.6	16.1	
TOTAL (100%)		78	65	20.0	154	124	24.2
Thunder Bay CMA							
< \$150000	No.	5	2	150.0	18	5	260.0
	%	6.4	3.1		15.0	7.8	
\$150,000-199,999	No.	37	27	37.0	76	53	43.4
	%	47.4	41.5		63.3	82.8	
\$200,000 +	No.	14	3	366.7	26	6	333.3
	%	17.9	4.6		21.7	9.4	
TOTAL (100%)		56	32	75.0	120	64	87.5
Sault Ste. Marie CA							
< \$150,000	No.	3	6	-50.0	14	17	-17.6
	%	30.0	42.9		31.8	40.5	
\$150,000-199,999	No.	4	5	-20.0	16	19	-15.8
	%	40.0	35.7		36.4	45.2	
\$200,000 +	No.	3	3	0.0	14	6	133.3
	%	30.0	21.4		31.8	14.3	
TOTAL (100%)		10	14	-28.6	44	42	4.8
North Bay CA							
< \$150,000	No.	11	9	22.2	16	18	-11.1
	%	44.0	33.3		29.1	29.0	
\$150,000-199,999	No.	5	13	-61.5	22	27	-18.5
	%	20.0	48.1		40.0	43.5	
\$200,000 +	No.	9	5	80.0	17	17	0.0
	%	36.0	18.5		30.9	27.4	
TOTAL (100%)		25	27	-7.4	55	62	-11.3

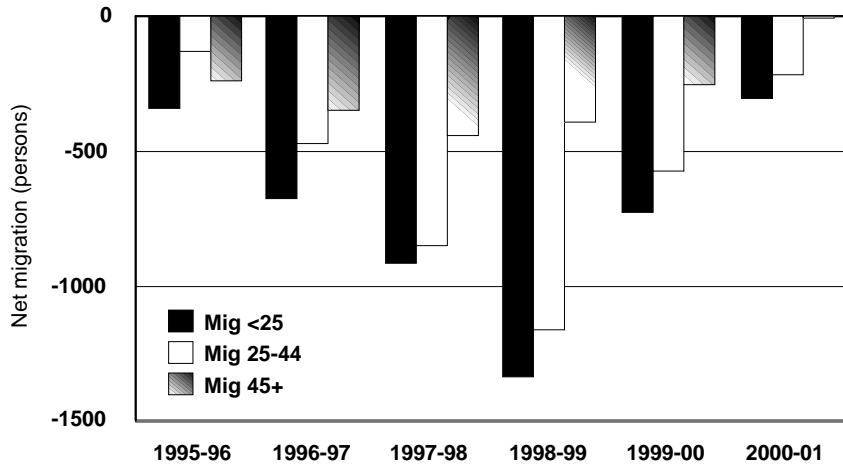
Source: CMHC Starts and Completions Survey.

**Table 5: Northern Ontario, Third Quarter, 2002
Economic Snapshot (All data is average of quarter)**

	3Q 02	2Q 02	1Q 02	4Q 01	3Q 01	2Q 01	1Q 01	4Q 00	3Q 00
Sudbury Jobs									
Total Employment ('000)	75.9	72.3	72.0	73.5	71.1	71.4	74.9	76.2	77.7
Unemployment Rate (%)	9.2	7.8	10.3	8.6	9.8	9.4	7.5	8.3	7.7
NEO Region 590 Jobs									
Total Employment ('000)	268.6	247.9	242.6	255.0	261.7	256.8	255.5	256.5	258.3
Unemployment Rate (%)	8.1	10.4	9.4	7.4	8.0	8.8	8.7	8.5	7.8
Thunder Bay Jobs									
Total Employment ('000)	61.9	59.4	59.7	62.1	63.3	61.6	62.1	62.2	62.5
Unemployment Rate (%)	6.4	7.3	8.0	7.3	8.0	9.1	7.0	6.1	6.8
NWO Region 595 Jobs									
Total Employment ('000)	118.8	113.2	111.8	111.6	112.5	108.1	106.9	110.3	113.6
Unemployment Rate (%)	5.6	7.2	6.7	6.2	7.2	8.0	9.0	7.1	6.9
Canadian Dollar									
Exchange Rate	64.0	64.4	62.7	63.2	64.7	65.0	65.4	66.0	67.5
Bank of Canada									
Bank Rate	3.0	2.5	2.3	3.0	4.4	4.9	5.7	6.0	6.0
Mortgages									
One Year Mortgage Rate	5.2	5.2	4.6	4.7	6.2	6.6	7.2	7.7	7.8
Three Year Mortgage Rate	6.1	6.4	5.7	5.8	6.9	7.0	7.4	7.9	8.0
Five Year Mortgage Rate	6.7	7.0	6.7	6.6	7.3	7.4	7.5	8.0	8.1

Source: Statistics Canada, CMHC.

Out-migration from Sudbury appears to have troughed looking at data for the latest period for which data is available



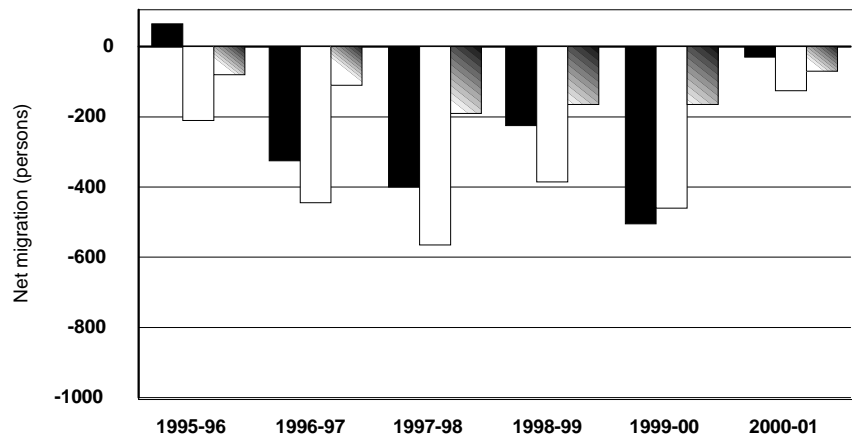
Source: Statistics Canada.

Thunder Bay's out-migration situation has been volatile over the past few years. After an apparent trough in 1997-98, out-migration improved the following year but then worsened between 1999 and 2000. (See chart below). The latest data available shows an improvement in 2000-2001. With the significant population decline measured in the Census between 1996 and 2001 similar to Sudbury, out-migration must be brought under control for housing markets to show sustained improvement. The most recent improvement in people leaving needs to be replicated for a sustained period and at some point turn positive for significant growth in the housing market to occur.

Has Out-migration Troughed in Northern Ontario's Largest Cities?

It should be no mystery by now that Sudbury's and Thunder Bay's populations fell between 1996 and 2001. The decline in percentage terms in Sudbury was 6.1 per cent. The inter-censal out-migration numbers between '96 and '01 were overwhelmingly negative and certainly, if that sort of trend continues combined with a slowing birth rate, Sudbury's population will decline further. There's only two things that affect population, migration and natural increase. The 18-24 and 25-44 age segments represent the largest age groups leaving the city. The last two years are showing improvement. (See chart above).

Thunder Bay out-migration has troughed



Source: Statistics Canada.

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Table 6. Northern Ontario Resale Markets
Summary of Resale Market Activity, Third Quarter, 2002

CITY/AREA	SALES	PRICES	NEW LISTINGS	SALES TO NEW LISTINGS %
THUNDER BAY CMA (THUNDER BAY REAL ESTATE BOARD)				
Third Quarter 2002	353	\$118,774	529	66.7
Third Quarter 2001	336	\$108,055	554	60.6
% Change	5.1	9.9	-4.5	N/A
Third Quarter 2000	324	\$114,097	525	61.7
SUDBURY CMA (SUDBURY REAL ESTATE BOARD)				
Third Quarter 2002	556	\$113,952	967	57.5
Third Quarter 2001	552	\$104,770	1122	49.2
% Change	0.7	8.8	-13.8	N/A
Third Quarter 2000	511	\$109,634	1060	48.2
SAULT STE MARIE CA (SAULT STE MARIE REAL ESTATE BOARD)				
Third Quarter 2002	299	\$92,845	547	54.7
Third Quarter 2001	229	\$92,410	463	49.5
% Change	30.6	0.5	18.1	N/A
Third Quarter 2000	252	\$93,533	468	53.8
NORTH BAY CA (NORTH BAY REAL ESTATE BOARD)				
Third Quarter 2002	307	\$124,679	513	59.8
Third Quarter 2001	328	\$117,852	529	62
% Change	-6.4	5.8	-3.0	N/A
Third Quarter 2000	296	\$116,149	457	64.8
TIMMINS CA (TIMMINS REAL ESTATE BOARD)				
Third Quarter 2002	289	\$84,500	556	52
Third Quarter 2001	256	\$83,040	566	45.2
% Change	12.9	1.8	-1.8	N/A
Third Quarter 2000	226	\$84,135	668	33.8

Note: Thunder Bay Resale Information was adjusted in October 2002 to focus on a more representative level of geography for Thunder Bay.
Source: Northern Ontario Real Estate Boards, CMHC.

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

PENDING START: refers to dwelling units where a building permit has been issued but construction has not yet started.

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

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ORECAST

Northern Ontario

SUMMARY

Canada Mortgage and Housing Corporation

Positive trends in key Northern Ontario resale markets

Low mortgage rates, an improving job market and an increase in full-time jobs is helping support improved activity in the Thunder Bay housing market. In addition, higher paid employment sectors such as manufacturing and public administration are bouncing back. Major construction projects, including the Thunder Bay Regional Hospital, the new Bowater Softwood Sawmill and the Lakehead University Advanced Tech Centre are also fueling job growth and wage improvements.

MLS unit sales are on track to reach 1,230 sales in Thunder Bay, a five per cent increase from 2001. Housing prices were up 4.4 per cent after nine months of 2002, compared to the same nine month period in 2001. The forecast for 2003 is a slightly smaller increase of two per cent. (See Chart below.)

In Sudbury, the trend is up in employment of late. In fact, in the year-to-September 30th, Sudbury is averaging 1.3 per cent more jobs than the same period last year here in the City of Greater Sudbury. This is data taken from the Stats Can Labour Force survey. That works out to 73,400 employed on average in Sudbury for the year, 1,000 jobs more than the level this time last year. CMHC's forecast is for an average of 73,500 employed for the year.

With the improved job situation and good affordability, Sudbury is on track to see 2030 MLS sales this year, up five per cent from 2001. To September 30th, sales are ahead 11.3 per cent. With prices up three per cent after nine months, we're of the opinion prices will continue to end the year up three per cent. Our forecast for 2003 is for another three per cent increase. (See Chart below) Sudbury has been in a buyer's market for some time in

ISSUE:
FALL 2002

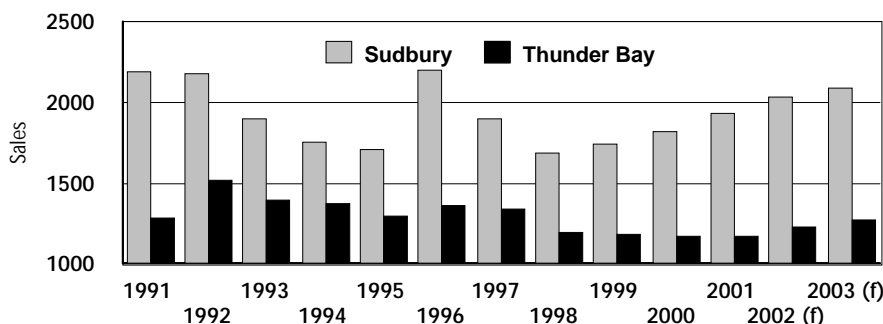
- 1 Resale Market Analysis
- 2 Resale Market Analysis
- 2 Mortgage Rates
- 3 Employment Analysis
- 4 Forecast Summary Table

Sudbury but indicators now point to where CMHC is prepared to classify the market as balanced.

New Singles Construction to Continue Rising

With improving resale markets and specifically, tightening in prime move-up price ranges, we have witnessed large volumes of new construction in both Thunder Bay and the Greater City of Sudbury. Thunder Bay single-detached construction is forecast to reach 170 units this year and 180 units in 2003. A couple smaller condominium projects are on the horizon prompting a forecast of 70 multiple units for 2003 for Thunder Bay. Sudbury, meanwhile will hit 280 single-detached units this year followed by 295 next year.

Continued good affordability will boost Sudbury and Thunder Bay resales in 2003



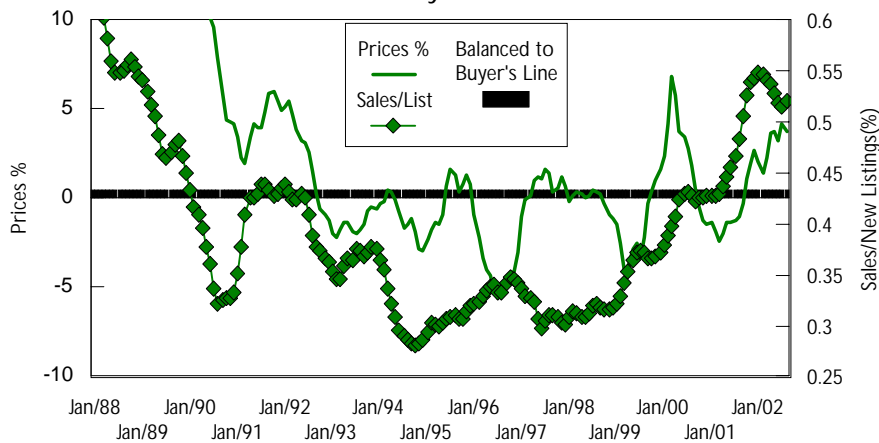
(f) CMHC Forecast.
Source: Sudbury REB, Thunder Bay REB.

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Average prices are rising slightly as listings fall in the Sudbury resale market



Note: Data to September; Source: SREB.

Sudbury's resale market balanced, Thunder Bay's improving

Sudbury resale price growth in the chart above has been strong this past year. While sales growth has been substantial, it's been the ten per cent drop in new listings that has caused tightness in the market causing the shift to a balanced market. The sales to new listings ratio, a measure of resale market tightness, averaged 51.3 per cent over the first nine months of 2002 compared to 41.5 per cent last year. At that level, price increases are expected.

Thunder Bay resale market analysis will now reflect activity within the 32 subdistricts that make up the City within the Board territory. For 1991 to September 2001, the new numbers are fractionally less than those of the whole Board territory. As of September 2001, the numbers started to vary more greatly and the 2nd quarter differences were especially pronounced. By looking at only subdistricts 1-32 we have a more representative series.

A buyer's market still persists in Thunder Bay but things do seem to be improving. Active listings have fallen in

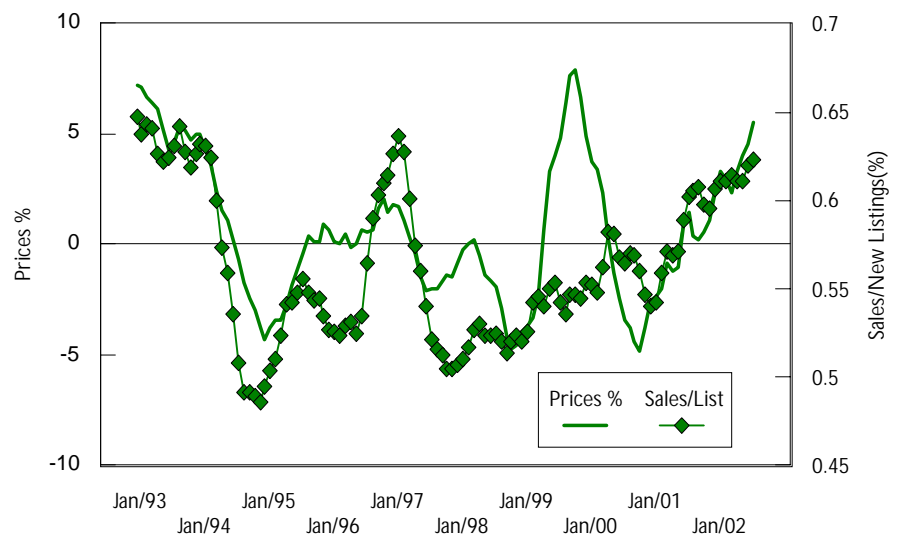
certain price ranges which is creating some supply shortages. Price growth on the chart below is significant indicating that the sales to listings ratio averaging 56.8% year-to-date '02, compared to 51.8 per cent last year, points to our price forecast of three per cent to be secure. It's no surprise that there has been more new single-family construction given this moderate tightening of the market.

MORTGAGE RATES

Slower economic growth at home and south of the border will help keep mortgage rates low over the next several months. However, concerns over accelerating pace of economic growth and inflation will lead to a less relaxed monetary policy and will push up bond yields and mortgage rates by the second half of 2003. While open and variable rate mortgages generally track lenders' prime rate, fixed rate mortgages move in tandem with the bond market.

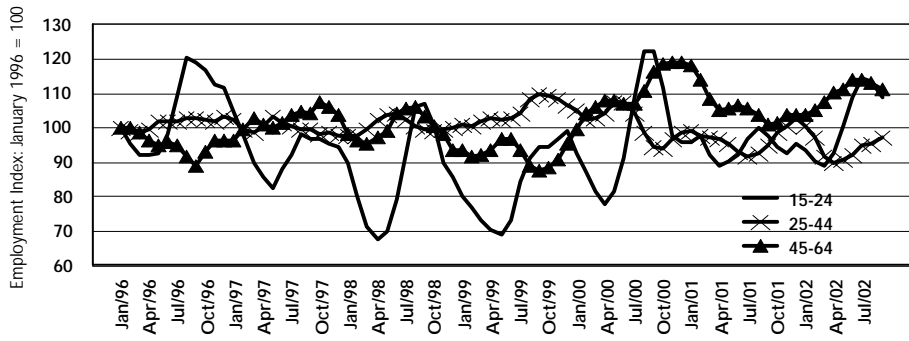
Mortgage rates will continue to remain low by historical standards. The one-year closed mortgage rate is forecast to be in the 4.50-7.00 per cent range over the next fourteen months. The three-year and five-year term mortgage rates will be in the 5.50-8.00 and 6.50-8.50 per cent ranges, respectively for the rest of this year and next. However, there are risks to the forecasts such as the performance of the U.S. economy and further volatility in capital markets, which could result in mortgage rates falling outside the forecast range.

Sales to new listings ratio is advancing moving price trend in Thunder Bay



Eight month average. Sales/New Listings seasonally adjusted
Note: Data to Sept. 30th; Source: TBREB/CMHC.

25-44 age group employment has been on the rise recently in Sudbury



Data on based on 1991 Census Definitions.
Data to September 2002. Source: Labour Force Survey.

Employment up in Greater Sudbury, down in Thunder Bay year-over year

Employment by age group is presented in the chart above. Sudbury employment in the 15-24 bracket gives us a read on what's upcoming in the rental market. The 25-44 bracket covers both first time homebuyers and a portion of the move-up market while 45+ are move-up buyers but they are also those that are potentially becoming empty nesters and therefore selling their big home and getting into something smaller. To have strong growth in housing markets you need to see strength in the 25-44 age group. The last five months are showing improvement but there's been too much uneven performance for the markets recently to have done consistently well. 15-24 and 45+ age groups account for the positive news in the last year. This is data taken from the Statistics Canada Labour Force survey. Overall, we need sustained growth in 25-44 employment bracket if we want to see recovery in our housing market. Also being observed is the higher proportion of full-time jobs in the market at present which should translate into better household incomes down the road to allow for more activity in the housing market.

Although the data is not presented, employment in Sudbury's public

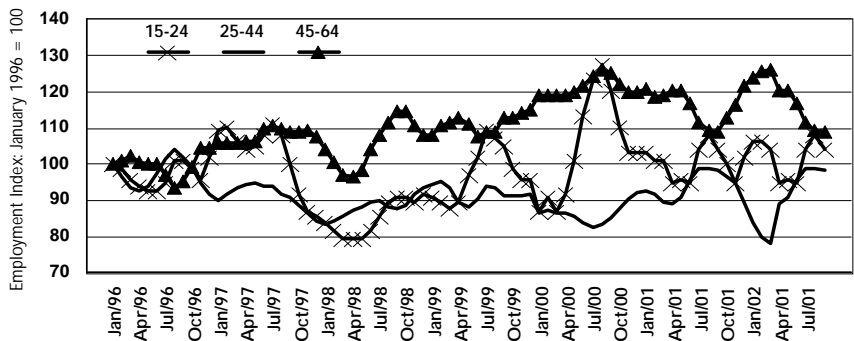
administration sector has improved over the year as has trade. So, higher paid sectors are improving somewhat. The recent trend is positive of late despite the relatively high unemployment rate. Labour force expansion is a sign that people are optimistic about finding jobs

below the August 1995 peak of 64,800 jobs. What is positive here is the very recent data points where improvement has been noted.

We see the primary reason for our weak residential construction situation in the employment by age group chart below. Looking at employment in the 25-44 age group, the very end of the line is positive but the rest is mainly negative. The 15-24 and 45+ employment categories account for the positive news in the last year. Like Sudbury, we need sustained growth in 25-44 age group employment if we want to see recovery in Thunder Bay housing market.

Sector by sector analysis for Thunder Bay shows employment in public administration has improved over this year, as has manufacturing, meaning higher paid sectors are improving

Employment growth in the 25-44 age group in Thunder Bay is encouraging despite this year's overall weakness



Data on based on 1991 Census Definitions.
Data to September 2002. Source: Labour Force Survey.

and are therefore active. In 2002, an increase to 73,200 jobs should be followed next year by an increase of 1,000 jobs.

The trend is up in Thunder Bay employment of late but in the year-to-date we're averaging 3.1 per cent fewer jobs than the same period last year. That works out to 60,300 employed on average in Thunder Bay for the year, well

somewhat. In 2002, a dip to 60,800 down from 62,300 jobs is forecast while next year we should see an increase of 1,000 jobs with Bowater's mill, call centre jobs, spin-off hospital jobs, potential construction jobs for the Northwest Energy Works project and continued retail expansion. We still have a distance to go in the final three months of 2002 so as to not fall short of our forecast.

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FORECAST SUMMARY

Northern Ontario

RESALE MARKET	2000	%chg	2001	%chg	2002(f)	%chg	2003(f)	%chg
Sudbury MLS sales*	1,825	4.6	1,937	6.1	2,034	5.0	2,095	3.0
Sudbury MLS average price	C\$109,262	4.0	C\$107,774	(1.4)	C\$109,390	1.5	C\$111,578	2.0
Sudbury New Listings (Total)	4,498	(9.6)	4,361	(3.0)	4,230	(3.0)	4,146	(2.0)
Thunder Bay MLS sales*	1,168	(1.4)	1,175	0.6	1,234	5.0	1,271	3.0
Thunder Bay MLS average price	C\$112,113	(2.2)	C\$112,726	0.5	C\$116,108	3.0	C\$118,430	2.0
Thunder Bay New Listings (Total)	2,145	(7.0)	2,108	(1.7)	2,050	(2.8)	2,030	(1.0)
NEW HOME MARKET	2000	%chg	2001	%chg	2002(f)	%chg	2003(f)	%chg
Sudbury Starts								
Total	173	(13.1)	191	10.4	290	51.8	315	8.6
Single family	169	29.0	191	13.0	280	46.6	295	5.4
Multiple (semi, row, apt)	4	(94.1)	0	(100.0)	10	n/a	20	100.0
Thunder Bay Starts								
Total	154	(13.1)	211	37.0	180	(14.7)	250	38.9
Single family	141	29.0	163	15.6	170	4.3	180	5.9
Multiple (semi, row, apt)	13	(94.1)	48	269.2	10	(79.2)	70	600.0
RENTAL MARKETS	2000	%chg	2001	%chg	2002(f)	%chg	2003(f)	%chg
Sudbury Vacancy rate (Oct. '01)	7.7%	n/a	5.7%	n/a	5.0%	n/a	4.5%	n/a
Average rent, two-bed. apt.	C\$619	1.1	C\$620	0.2	C\$619	(0.2)	C\$618	(0.2)
Thunder Bay Vacancy rate (Oct. '01)	5.8%	n/a	5.8%	n/a	5.0%	n/a	4.5%	n/a
Average rent, two-bed. apt.	C\$654	1.1	C\$657	0.5	C\$655	(0.3)	C\$653	(0.3)
ECONOMIC OVERVIEW	2000	%chg	2001	%chg	2002(f)	%chg	2003(f)	%chg
Mortgage rate, 1 year	7.85	n/a	6.14	n/a	5.08	n/a	4.5-7.0	n/a
Mortgage rate, 5 year	8.35	n/a	7.41	n/a	6.87	n/a	6.5-8.5	n/a
Sudbury Employed (Annual avg.)	75,800	5.9	72,700	(4.1)	73,200	0.7	74,200	1.4
ER 590 ** Employed	252,300	0.1	257,000	1.9	n/a	n/a	n/a	n/a
Thunder Bay Employed (Annual avg.)	61,000	5.9	62,300	2.1	60,800	(2.4)	62,300	2.5
ER 595 *** Employed	112,900	0.1	109,800	(2.7)	n/a	n/a	n/a	n/a

* Based on SREB/TBREB (Sudbury/Thunder Bay Real Estate Board) territories.

** Economic Region 590 includes the Northeastern Ontario Districts excluding Sudbury CMA.

*** Economic Region 595 includes the Northwestern Ontario Districts excluding Thunder Bay CMA.

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