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Northern Ontario

YOUR LINK TO THE HOUSING MARKET

New Home Market

Canada Mortgage and Housing Corporation

VOLUME 2, ISSUE 1
First Quarter 2003

Tightening Resale Markets Should Spur Single Family Construction in Sudbury and Thunder Bay Again in 2003

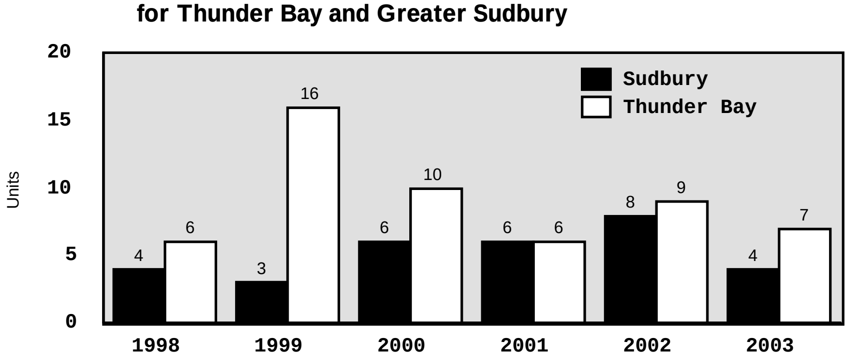
A lingering winter in Northern Ontario affected the start of the residential construction season in most of our northern centres. Both Sudbury and Thunder Bay single-detached starts were off in the first quarter compared to one year ago. Sudbury's total of four units was half the eight units counted last year while Thunder Bay's total of seven units was just two units off the three month total last year **(see Chart below)** Both markets are looking at modest increases this year. Building permit activity in the two centres for the first three months suggests an improved year in Greater Sudbury while Thunder Bay's are five units off the three month total for last year. Permits pre-date housing starts so give a reasonable estimation of future activity. Pending starts, on the other hand, in Thunder Bay are up one unit from the same period last year. Elsewhere, North Bay starts compared to one year prior have been cut in half with three units units started in the first quarter. Sault Ste. Marie has undergone a one unit drop in housing starts to four in 2003:Q1 compared to last year **(Tables 1a-1d).** In other areas of Northern Ontario things were very quiet with Fort Frances and Timmins jumping ahead in the first quarter of the year with each market having recording six single-detached starts, the most of six centres tracked. Dryden and Haileybury have also recorded starts with Elliot Lake and Kenora CA still to record one this year. **(see Table 2)**.

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

Absorptions are presented **in Table 4** by volume and by price range. Firstly, absorptions are up in each of the four centers in the first quarter over the same period last year with the exception of Sault Ste. Marie. Secondly, the $150,000 to $199,999 price range remains the most popular in the four key markets throughout Northern Ontario.

IN THIS ISSUE

First Quarter 2003 single-detached housing starts
for Thunder Bay and Greater Sudbury



Source: CMHC.

CMHC Northern Ontario Market Analyst: Warren Philp
Tel: 807-343-2016; Toll-free: 877-349-3688
wphilp@cmhc-schl.gc.ca; www.cmhc-schl.gc.ca
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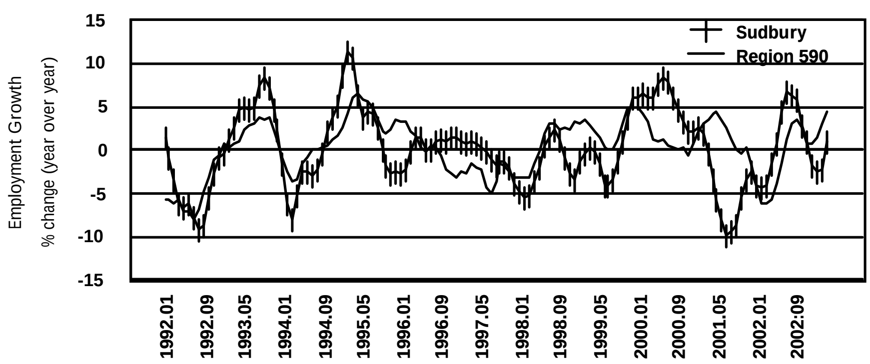
HOME TO CANADIANS

Canada

Employment growth picked up in the 1st quarter in Greater Sudbury
after a slow 4th quarter



Note: Per cent change of unadjusted 15+ employment.
Source: Statistics Canada Labour Force Survey.
Note: Data to Mar 31, 2003.

Labour Markets: A Study in Contrast

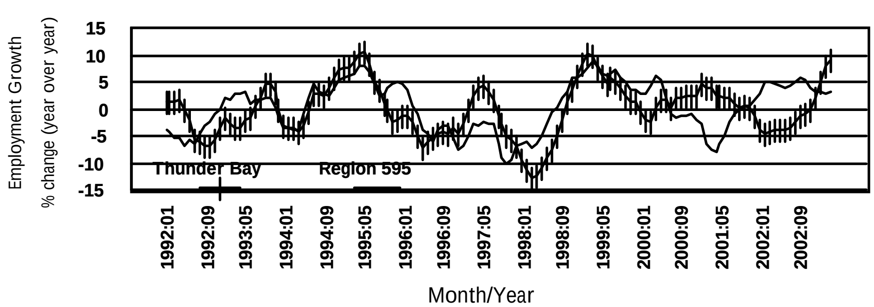
Statistics in **Table 5** present a study in contrast between the four areas tracked from the Statistics Canada monthly Labour Force Survey for Northern Ontario. Quarterly average employment numbers are ahead of last year's level in all but one jurisdiction tracked. The charts found on this page clearly show the trend in Thunder Bay, Northwestern and Northeastern Ontario is one of stronger employment with growth having been quite remarkable in Thunder Bay. Only Sudbury shows a loss in jobs over the same period last year although the month of March resulted in the first year-over-year increase since November last year. After experiencing 1.2 per cent employment growth last year, Sudbury's labour market is an early year disappointment again. Employment levels averaged 72,000 jobs in 2002: Q1, and 71,200 employed persons in 2003:Q1, an 800 job drop.

Losses were primarily in trade and generally in the services-producing sectors of the economy. Thunder Bay's increase, was a remarkable 4,800 employed up to 64,500 for the first three months of 2003. (see Charts below). Gains have mainly been experienced in services-producing sectors. The unemployment rate in Thunder Bay has been low in comparison to other CMA's in the country. A 5.5 per cent unemployment rate in March was the third lowest of all centres over 100,000 in the country behind Oshawa and Edmonton. The average unemployment rate for the quarter was 5.1 per cent. The kind of rates being experienced of late have not been experienced since 1989 in Thunder Bay. A jobless rate of 8.4 per cent in Q1 is down markedly from 10.3 per cent registered in the first quarter last year (see Table 5).

Rising Mortgage Rates Boost Carrying Costs in Resale Markets in Northern Ontario

Resale market information is provided in **Table 6** for all markets that have functioning Real Estate Boards in Northern Ontario. Mortgage rates have been on the rise so far this year boosting average monthly carrying costs in all our Northern Ontario markets. Despite the increases, first quarter sales in our two largest markets, Greater Sudbury and Thunder Bay were up compared to 2002:Q1. Timmins, North Bay and Sault Ste. Marie experienced dips in sales volumes over the same period. Resales were up nearly 12.0 per cent in Thunder Bay, 4.0 per cent in Sudbury, down 12 per cent in North Bay, 5.3 per cent in Timmins and 4.5 per cent in Sault Ste. Marie according to data released by the five Northern Ontario Real Estate Boards. New listings are off in four of five markets which is leading to some tightness in certain price ranges. Listings in move-up ranges are in relatively short supply which prompts interest in new construction. These supply shortages may have partially contributed to the classification of North Bay and Sudbury as balanced markets. **(see Table 6)**.

Employment growth raced ahead in the 1st quarter in TBay
while Region 595 employment growth also edged up



Note: Per cent change of unadjusted 15+ employment.
Source: Statistics Canada Labour Force Survey.
Note: Data to Mar 31, 2003.

Table 1A: Sudbury CMA
Housing Starts and Completions, First Quarter, 2003

SUDBURY CMA	OWNERSHIP							RENTAL				GRAND TOTAL
	FREEHOLD			CONDOMINIUM				PRIVATE		ASSISTED		
	SINGLE	SEMI	ROW	SINGLE	SEMI	ROW	APT	ROW	APT	ROW	APT	
PENDING												
- Current Quarter	30	0	0	0	0	0	0	0	0	0	0	30
- Previous Year	6	0	0	0	0	0	0	0	0	0	0	6
STARTS												
- Current Quarter	4	0	0	0	0	0	0	0	0	0	0	4
- Previous Year	8	0	0	0	0	0	0	0	0	0	0	8
- Year-To-Date 2003	4	0	0	0	0	0	0	0	0	0	0	4
- Year-To-Date 2002	8	0	0	0	0	0	0	0	0	0	0	8
UNDER CONSTRUCTION												
- 2003	42	0	0	0	0	0	0	0	0	0	0	42
- 2002	31	0	0	0	0	0	0	0	0	0	0	31
COMPLETIONS												
- Current Quarter	54	0	0	0	0	0	0	0	0	0	0	54
- Previous Year	35	0	0	0	0	0	0	0	0	0	0	35
- Year-To-Date 2003	54	0	0	0	0	0	0	0	0	0	0	54
- Year-To-Date 2002	35	0	0	0	0	0	0	0	0	0	0	35
COMPLETED & NOT ABSORBED												
- 2003	10	0	0	0	0	0	0	0	0	0	0	10
- 2002	12	0	0	0	0	0	0	0	0	0	0	12
TOTAL SUPPLY												
- 2003	82	0	0	0	0	0	0	0	0	0	0	82
- 2002	49	0	0	0	0	0	0	0	0	0	0	49
ABSORPTIONS												
- Current Quarter	54	0	0	0	0	0	0	0	0	0	0	54
- Previous Year	37	1	0	0	0	0	0	0	0	0	0	38
- Year-To-Date 2003	54	0	0	0	0	0	0	0	0	0	0	54
- Year-To-Date 2002	37	1	0	0	0	0	0	0	0	0	0	38
3-month Average	24	0	0	0	0	0	0	0	1	0	0	25
12-month Average	23	0	0	0	0	0	0	0	0	0	0	23

Source: CMHC Starts and Completions Survey.

Table 1B: Thunder Bay CMA
Housing Starts and Completions, First Quarter, 2003

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	21	0	0	0	0	0	0	0	0	0	21	42
- Previous Year	20	0	0	0	0	0	0	0	38	0	58	116
STARTS												
- Current Quarter	7	2	0	0	0	0	0	0	0	0	0	9
- Previous Year	9	0	0	0	0	0	0	0	0	0	0	9
- Year-To-Date 2003	7	2	0	0	0	0	0	0	0	0	0	9
- Year-To-Date 2002	9	0	0	0	0	0	0	0	0	0	0	9
UNDER CONSTRUCTION												
- 2003	77	4	0	0	0	0	38	0	0	0	0	119
- 2002	51	2	0	0	0	0	38	0	4	0	0	95
COMPLETIONS												
- Current Quarter	42	0	0	0	0	0	0	0	6	0	0	48
- Previous Year	35	0	0	0	0	0	0	0	0	0	0	35
- Year-To-Date 2003	42	0	0	0	0	0	0	0	6	0	0	48
- Year-To-Date 2002	35	0	0	0	0	0	0	0	0	0	0	35
COMPLETED & NOT ABSORBED												
- 2003	4	0	0	0	0	0	0	0	3	0	0	7
- 2002	9	0	0	0	0	0	8	0	0	0	0	17
TOTAL SUPPLY												
- 2003	102	4	0	0	0	0	38	0	3	0	0	147
- 2002	80	2	0	0	0	0	46	0	42	0	0	170
ABSORPTIONS												
- Current Quarter	48	0	0	0	0	0	0	0	3	0	0	51
- Previous Year	35	1	0	0	0	0	0	0	0	0	0	36
- Year-To-Date 2003	48	0	0	0	0	0	0	0	3	0	0	51
- Year-To-Date 2002	35	1	0	0	0	0	0	0	0	0	0	36
3-month Average	15	0	0	0	0	0	2	0	1	0	0	18
12-month Average	14	0	0	0	0	0	1	0	0	0	0	15

Source: CMHC Starts and Completions Survey.

Table 1C: North Bay CA
Housing Starts and Completions, First Quarter, 2003

NORTH BAY CA	OWNERSHIP							RENTAL				GRAND
	FREEHOLD			CONDOMINIUM				PRIVATE		ASSISTED		
	SINGLE	SEMI	ROW	SINGLE	SEMI	ROW	APT	ROW	APT	ROW	APT	TOTAL
PENDING												
- Current Quarter	9	0	0	0	0	0	0	0	0	0	0	9
- Previous Year	5	0	0	0	0	0	0	0	0	0	0	5
STARTS												
- Current Quarter	3	0	0	0	0	0	0	0	0	0	0	3
- Previous Year	6	0	0	0	0	0	0	0	0	0	0	6
- Year-To-Date 2003	3	0	0	0	0	0	0	0	0	0	0	3
- Year-To-Date 2002	6	0	0	0	0	0	0	0	0	0	0	6
UNDER CONSTRUCTION												
- 2003	18	2	0	0	0	0	0	16	0	0	0	36
- 2002	25	0	0	0	0	0	0	0	0	0	0	25
COMPLETIONS												
- Current Quarter	22	0	0	0	0	0	0	0	0	0	0	22
- Previous Year	15	0	0	0	0	0	0	0	0	0	0	15
- Year-To-Date 2003	22	0	0	0	0	0	0	0	0	0	0	22
- Year-To-Date 2002	15	0	0	0	0	0	0	0	0	0	0	15
COMPLETED & NOT ABSORBED												
- 2003	4	3	0	0	0	0	0	0	0	0	0	7
- 2002	10	4	0	0	0	0	0	0	0	0	0	14
TOTAL SUPPLY												
- 2003	31	5	0	0	0	0	0	16	0	0	0	52
- 2002	40	4	0	0	0	0	0	0	0	0	0	44
ABSORPTIONS												
- Current Quarter	23	0	0	0	0	0	0	0	0	0	0	23
- Previous Year	16	4	0	0	0	0	0	0	0	0	0	20
- Year-To-Date 2003	23	0	0	0	0	0	0	0	0	0	0	23
- Year-To-Date 2002	16	4	0	0	0	0	0	0	3	0	0	23
3-month Average	17	0	0	0	0	0	0	0	0	0	0	17
12-month Average	9	1	0	0	0	0	0	0	0	0	0	10

Source: CMHC Starts and Completions Survey.

Table 1D: Sault Ste. Marie CA
Housing Starts and Completions, First Quarter, 2003

SAULT STE. MARIE CA	OWNERSHIP							RENTAL				GRAND
	FREEHOLD			CONDOMINIUM				PRIVATE		ASSISTED		
	SINGLE	SEMI	ROW	SINGLE	SEMI	ROW	APT	ROW	APT	ROW	APT	TOTAL
PENDING												
- Current Quarter	6	0	0	0	0	0	0	0	0	0	0	6
- Previous Year	1	0	0	0	0	0	0	0	0	0	0	1
STARTS												
- Current Quarter	4	0	0	0	0	0	0	0	0	0	0	4
- Previous Year	5	0	0	0	0	0	0	0	0	0	0	5
- Year-To-Date 2003	4	0	0	0	0	0	0	0	0	0	0	4
- Year-To-Date 2002	5	0	0	0	0	0	0	0	0	0	0	5
UNDER CONSTRUCTION												
- 2003	32	2	7	0	0	0	0	0	0	0	0	41
- 2002	21	0	0	0	0	0	0	0	0	0	0	21
COMPLETIONS												
- Current Quarter	12	0	0	0	0	0	0	0	0	0	0	12
- Previous Year	19	0	0	0	0	0	0	0	0	0	0	19
- Year-To-Date 2003	12	0	0	0	0	0	0	0	0	0	0	12
- Year-To-Date 2002	19	0	0	0	0	0	0	0	0	0	0	19
COMPLETED & NOT ABSORBED												
- 2003	3	1	1	0	0	0	0	0	0	0	0	5
- 2002	2	2	3	0	0	0	0	0	0	0	0	7
TOTAL SUPPLY												
- 2003	41	3	8	0	0	0	0	0	0	0	0	52
- 2002	24	2	3	0	0	0	0	0	0	0	0	29
ABSORPTIONS												
- Current Quarter	13	0	0	0	0	0	0	0	0	0	0	13
- Previous Year	18	4	3	0	0	0	0	0	0	0	0	25
- Year-To-Date 2003	13	3	2	0	0	0	0	0	0	0	0	18
- Year-To-Date 2002	18	8	9	0	0	0	0	0	0	0	0	35
3-month Average	6	0	0	0	0	0	0	0	0	0	0	6
12-month Average	5	0	0	0	0	0	0	0	0	0	0	5

Source: CMHC Starts and Completions Survey.

Table 2: Northern Ontario Small Markets
Housing Starts By Municipality, First Quarter, 2003

	OWNERSHIP							RENTAL				
	FREEHOLD			CONDOMINIUM				PRIVATE		ASSISTED		GRAND
	SINGLE	SEMI	ROW	SINGLE	SEMI	ROW	APT	ROW	APT	ROW	APT	TOTAL
TIMMINS CA												
STARTS												
- Current Quarter	6	0	0	0	0	0	0	0	0	0	0	6
- Previous Year	0	0	0	0	0	0	0	0	0	0	0	0
- Year-To-Date 2003	6	0	0	0	0	0	0	0	0	0	0	6
- Year-To-Date 2002	0	0	0	0	0	0	0	0	0	0	0	0
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 2003	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
HAILEYBURY CA												
STARTS												
- Current Quarter	1	0	0	0	0	0	0	0	0	0	0	1
- Previous Year	1	0	0	0	0	0	0	0	0	0	0	1
- Year-To-Date 2003	1	0	0	0	0	0	0	0	0	0	0	1
- Year-To-Date 2002	1	0	0	0	0	0	0	0	0	0	0	1
KENORA 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 2003	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
FORT FRANCES												
STARTS												
- Current Quarter	6	0	0	0	0	0	0	4	0	0	0	10
- Previous Year	0	0	0	0	0	0	0	0	0	0	0	0
- Year-To-Date 2003	6	0	0	0	0	0	0	4	0	0	0	10
- Year-To-Date 2002	0	0	0	0	0	0	0	0	0	0	0	0
DRYDEN												
STARTS												
- Current Quarter	2	0	0	0	0	0	0	0	0	0	0	2
- Previous Year	1	0	0	0	0	0	0	0	0	0	0	1
- Year-To-Date 2003	2	0	0	0	0	0	0	0	0	0	0	2
- Year-To-Date 2002	1	0	0	0	0	0	0	0	0	0	0	1

Source: CMHC Starts and Completions Survey.

Table 3: Northern Ontario New Construction Supply and Demand

	UNDER CONSTRUCTION	COMPLETE & UNOCCUPIED	TOTAL	AVERAGE MONTHLY ABSORPTION
THUNDER BAY CMA				
SINGLES	77	4	81	13.8
SEMIS	4	0	4	0.3
SUDBURY CMA				
SINGLES	42	10	52	22.8
SEMIS	0	0	0	0.2
SAULT STE MARIE CA				
SINGLES	32	3	35	5.1
SEMIS	2	1	3	0.3
NORTH BAY CA				
SINGLES	18	4	22	9.4
SEMIS	2	3	5	0.5
KENORA CA				
SINGLES	9	0	9	n/a
SEMIS	n/a	n/a	n/a	n/a

Data to March 31, 2003.
Source: CMHC Starts and Completions Survey.

Table 4: Northern Ontario
ABSORBED NEW SINGLE AND SEMI-DETACHED DWELLINGS BY PRICE RANGE
First Quarter, 2003

Price Range		1Q 2003	1Q 2002	% change
Sudbury CMA				
< $150000	No.	9	9	0.0
	%	16.7	24.3	
$150,000-199,999	No.	24	18	33.3
	%	44.4	48.6	
$200,000 +	No.	21	10	110.0
	%	38.9	27.0	
TOTAL (100%)		54	37	45.9
Thunder Bay CMA				
< $150000	No.	3	7	n/a
	%	5.6	18.9	
$150,000-199,999	No.	23	23	0.0
	%	42.6	62.2	
$200,000 +	No.	22	6	266.7
	%	40.7	16.2	
TOTAL (100%)		48	36	33.3
Sault Ste. Marie CA				
< $150,000	No.	2	5	-60.0
	%	15.4	27.8	
$150,000-199,999	No.	7	7	0.0
	%	53.8	38.9	
$200,000 +	No.	4	6	n/a
	%	30.8	33.3	
TOTAL (100%)		13	18	-27.8
North Bay CA				
< $150,000	No.	6	4	50.0
	%	26.1	20.0	
$150,000-199,999	No.	9	11	-18.2
	%	39.1	55.0	
$200,000 +	No.	8	5	60.0
	%	34.8	25.0	
TOTAL (100%)		23	20	15.0

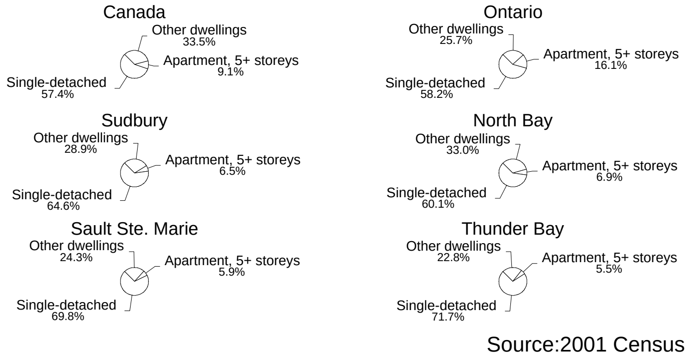
Source: CMHC Starts and Completions Survey.

Table 5: Northern Ontario, First Quarter, 2003
Economic Snapshot (All data is average of quarter)

	1Q 03	4Q 02	3Q 02	2Q 02	1Q 02	4Q 01	3Q 01	2Q 01	1Q 01
Sudbury Jobs									
Total Employment ('000)	71.2	74.0	75.9	72.3	72.0	73.5	71.1	71.4	74.9
Unemployment Rate (%)	8.4	7.3	9.2	7.8	10.3	8.6	9.8	9.4	7.5
NEO Region 590 Jobs									
Total Employment ('000)	250.2	258.7	268.6	247.9	242.6	255.0	261.7	256.8	255.5
Unemployment Rate (%)	8.2	7.4	8.1	10.4	9.4	7.4	8.0	8.8	8.7
Thunder Bay Jobs									
Total Employment ('000)	64.5	62.5	61.9	59.4	59.7	62.1	63.3	61.6	62.1
Unemployment Rate (%)	5.1	5.5	6.4	7.3	8.0	7.3	8.0	9.1	7.0
NWO Region 595 Jobs									
Total Employment ('000)	115.5	116.7	118.8	113.2	111.8	111.6	112.5	108.1	106.9
Unemployment Rate (%)	5.4	5.8	5.6	7.2	6.7	6.2	7.2	8.0	9.0
Canadian Dollar									
Exchange Rate	66.1	63.8	64.0	64.4	62.7	63.2	64.7	65.0	65.4
Bank of Canada									
Bank Rate	3.08	3.0	3.0	2.5	2.3	3.0	4.4	4.9	5.7
Mortgages									
One Year Mortgage Rate	4.9	5.0	5.2	5.2	4.6	4.7	6.2	6.6	7.2
Three Year Mortgage Rate	5.8	5.9	6.1	6.4	5.7	5.8	6.9	7.0	7.4
Five Year Mortgage Rate	6.3	6.5	6.7	7.0	6.7	6.6	7.3	7.4	7.5

Source: Statistics Canada, CMHC.

Northern Ontario has a high per centage of single-detached housing



Source:2001 Census

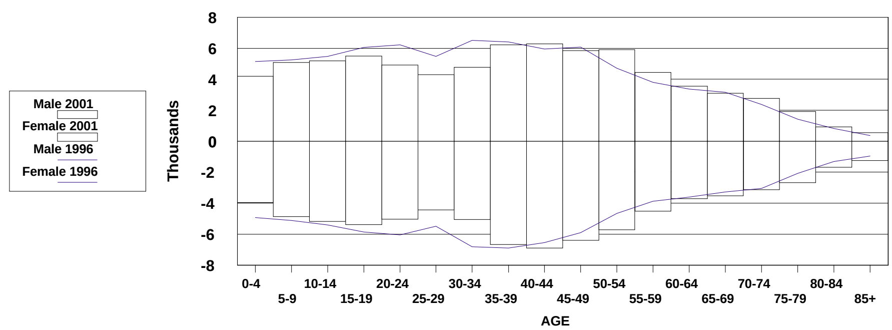
Single-Detached Housing Dominates in Northern Ontario

Census information showed once again in 2001, Northern Ontario centres preference for single-detached housing over other forms of accommodation. Statistics for four centres are presented comparing concentrations of types of housing against Ontario and nation-wide averages. Thunder Bay, with 71.7 per cent of its housing being single-detached, tops the four centres presented with Sault Ste. Marie having 69.8 per cent of housing in this form. Sudbury, with 64.6 per cent and North Bay with 60.1 per cent round out the four centres examined. Interestingly, order of highest concentrations move from west to east, with Thunder Bay in the west, having the highest percentage and North Bay, our eastern-most major centre having the lowest concentration. Finally, even North Bay has a higher proportion of single-detached housing than the Ontario or Canadian average. With this background, it is not surprising that the vast amount of new construction in our northern centres focuses on Northern Ontario residents' propensity to purchase this type of home. Relatively affordable home-buying conditions allow buyers' wishes to be satisfied.

Aging Population prompts change in Demand

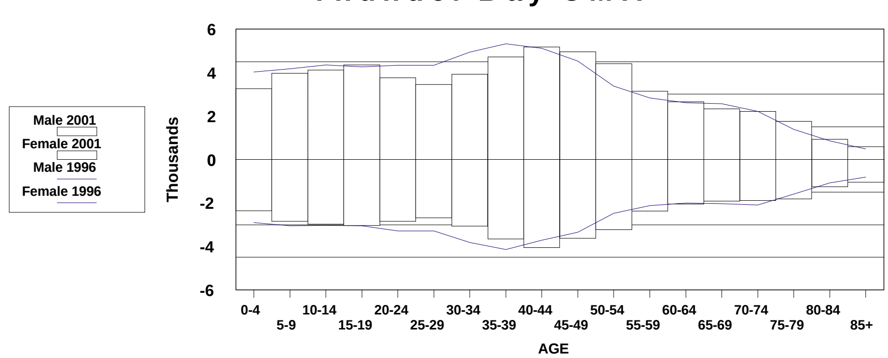
The population pyramid charts below compare the population structure by age for 1996 and 2001 for Thunder Bay and the City of Greater Sudbury. Basically, if the bar is outside of boundary line we have positive increase between 1996 and 2001. Where the bar is inside the boundary line, there has been a loss in population. Obviously, changes in the age structure has a long term effect on demand for housing. Clearly in both markets, we have seen a decline in first time home-buyers aged 25-34 while the move-up buyers aged 35-44, although still growing, is slowing. Move-up buyers (45-54) and housing downsizers (55+) are showing solid growth. With the first time homebuyer aged population in a state of decline, it is clear in-migration is an absolute prerequisite for growth in long term housing market indicators.

Population By Age and Sex: 1996, 2001
City of Greater Sudbury



Source: Statistics Canada.

Population By Age and Sex: 1996, 2001
Thunder Bay CMA



Source: Statistics Canada.

Table 6. Northern Ontario Resale Markets
Summary of Resale Market Activity, First Quarter, 2003

CITY/AREA	SALES	PRICES	NEW LISTINGS	SALES TO NEW LISTINGS %
THUNDER BAY CMA (THUNDER BAY REAL ESTATE BOARD)				
First Quarter 2003	263	$106,677	513	51.3
First Quarter 2002	235	$106,797	512	45.9
% Change	11.9	-0.1	0.2	N/A
First Quarter 2001	199	$109,460	512	45.9
First Quarter 2000	281	$112,964	611	46.0
SUDBURY CMA (SUDBURY REAL ESTATE BOARD)				
First Quarter 2003	473	$114,122	925	51.1
First Quarter 2002	455	$112,263	972	46.8
% Change	4.0	1.7	-4.8	N/A
First Quarter 2001	362	$109,672	1097	33
First Quarter 2000	377	$109,164	1348	28
SAULT STE MARIE CA (SAULT STE MARIE REAL ESTATE BOARD)				
First Quarter 2003	191	$92,646	474	40.3
First Quarter 2002	200	$91,540	490	40.8
% Change	-4.5	1.2	-3.3	N/A
First Quarter 2001	167	$92,209	419	39.9
First Quarter 2000	148	$88,630	437	33.9
NORTH BAY CA (NORTH BAY REAL ESTATE BOARD)				
First Quarter 2003	215	$118,808	446	48.2
First Quarter 2002	244	$115,384	459	53.2
% Change	-11.9	3.0	-2.8	N/A
First Quarter 2001	192	$116,246	565	34
First Quarter 2000	202	$111,074	467	43.3
TIMMINS CA (TIMMINS REAL ESTATE BOARD)				
First Quarter 2003	161	$86,992	425	37.9
First Quarter 2002	170	$76,280	449	37.9
% Change	-5.3	14.0	-5.3	N/A
First Quarter 2001	187	$66,235	532	35.2
First Quarter 2000	148	$90,456	565	26.2

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 considered as absorbed until the completion stage.

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FORECAST SUMMARY

Northern Ontario

Canada Mortgage and Housing Corporation

SPRING 2003

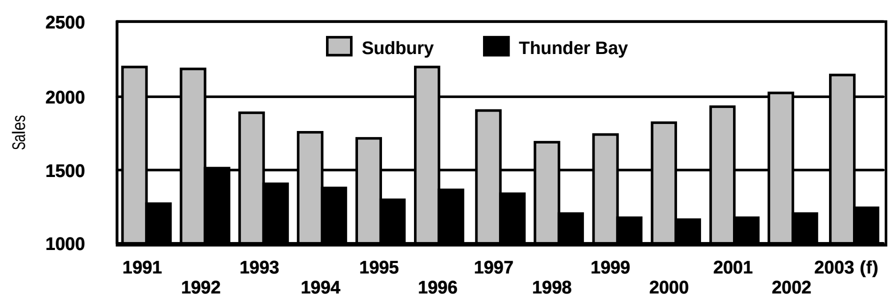
Carrying Costs Still Relatively Low Despite Interest Rate Hikes

Mortgage rates have risen through the first quarter and are forecast to rise further this year. Despite the increases, monthly carrying costs are still relatively low in our Northern Ontario markets as shown in the chart below. Thunder Bay and Greater Sudbury will both see average carrying costs rise in 2003 but not enough to seriously dampen housing demand.

Sales should rise again in 2003 in both Greater Sudbury and Thunder Bay, more in the former than the latter, although Thunder Bay has got off to a faster pace than Sudbury in Q1. Look for volumes to rise 5.5 and 3.0 per cent respectively.

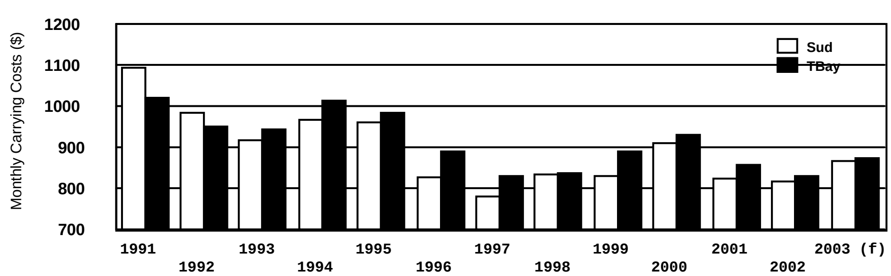
Listings shortages continue in certain price ranges in Thunder Bay, but more so in Sudbury. Tightness in supply has brought forward new construction as an alternative. This has helped the building industry pick up again in Sudbury although Q1 numbers do not necessarily bear that out. Resale prices are also showing some growth in certain price bands. Prices should climb nearly 2.0 per cent in Thunder Bay and 3.0 per cent in Sudbury this year.

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



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

Carrying costs rising in Thunder Bay and Sudbury but still are relatively low



Carrying Costs are based on average annual house price, 10 % downpayment and average 3 year mortgage rate.
Source: SREB, TBREB, CMHC

Warren Philp
Northern Ontario Market Analyst
Direct Line: (807) 343-2016 * Toll-Free: (877) 349-3688
wphilp@cmhc-schl.gc.ca * www.cmhc-schl.gc.ca

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Mortgage Rates

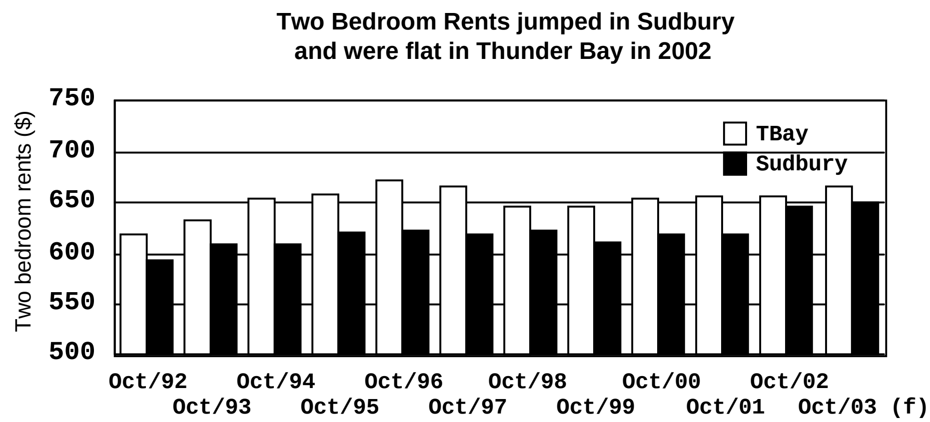
Mortgage rates will rise, but remain low by historical standards. The one, three and five year closed mortgage rates are expected to be in the 5.00-6.25, 6.0-7.25, and 6.5-7.75 per cent ranges respectively this year.

Double cohort should send Thunder Bay and Sudbury vacancy rates lower in 2003

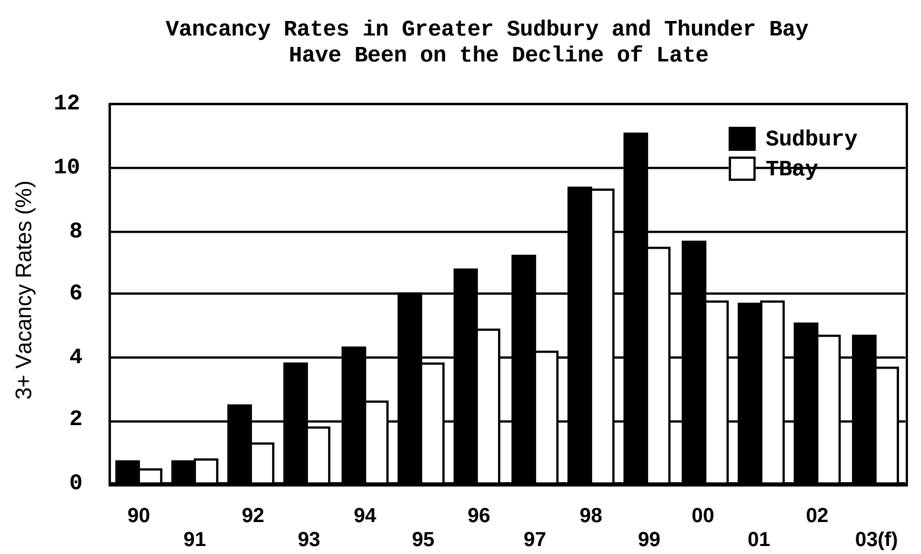
CMHC's 2002 Rental Market Survey results revealed vacancy rates for Greater Sudbury and Thunder Bay fell again this year. Greater Sudbury's vacancy rate declined for the third consecutive year to 5.1 per cent while Thunder Bay's dropped more than one per cent to 4.7 per cent.

The rate reductions came despite relatively strong resale housing markets last year as low interest rates continued to stimulate the demand for homeowner accommodation. Low mortgage rates continue to make homeownership more attractive with monthly rent payments being comparable to a monthly mortgage payment. Vacancy rates for Thunder Bay and Sudbury are forecast to fall slightly this year but still will favour renters. With three post-secondary institutions in Greater Sudbury and two in Thunder Bay, double cohort enrolment will cause demand on housing, expecially student housing. This is bound to influence vacancy rates in both markets.

Increased demand should translate into higher rents in 2003. Two bedroom rents in Greater Sudbury should hit $650 while similar units in Thunder Bay will reach $667 per month.



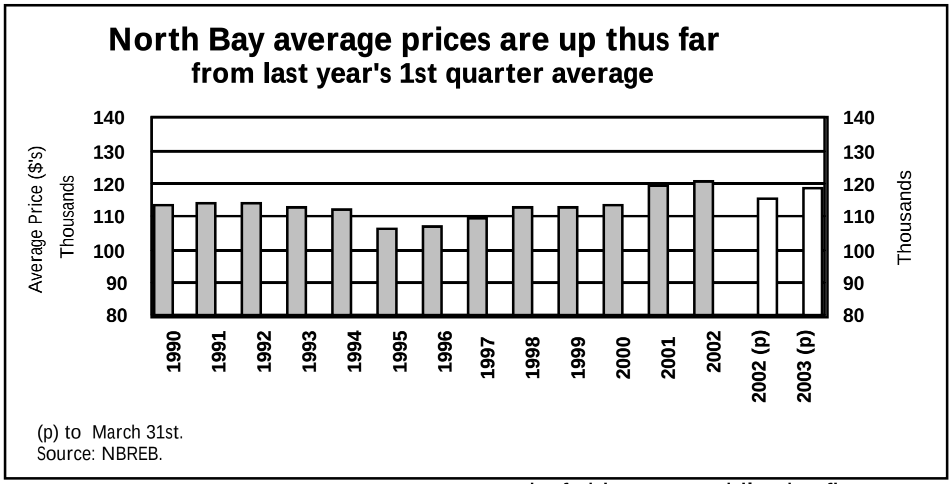
(f) CMHC forecast.
Note: Rents are two bedroom average rents that may or may not include
Source: CMHC



(f) CMHC Forecast.
Source: CMHC.

Economic Activity Supports Modest Growth

The two largest markets in Northern Ontario are undergoing fundamental changes in their economies. The best evidence of this is the Northern Ontario Medical School with campuses in both Thunder Bay and Greater Sudbury which is expected to open in the fall of 2004. Both markets have hospital construction projects that will in part, support the new Medical Schools. Both communities are expecting potential spin-offs from the Med School projects, not the least of which is seeing more doctors locate in Northern Ontario communities upon graduation. Employment levels are forecast to grow 2.6 per cent in Thunder Bay this year and slip back in Greater Sudbury by less than one per cent. Economic activity will still be substantial enough to support the types of gains we are forecasting in both housing markets.



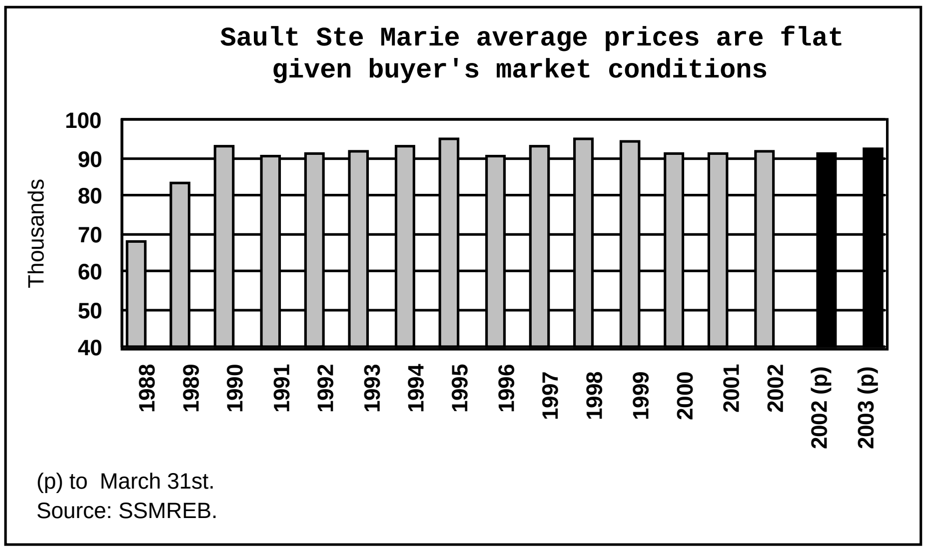
Northeastern Ontario Resale Markets Featured

North Bay Average Prices Keep Escalating

After two solid years from an average price viewpoint, North Bay house prices have given signs that 2003 will be another good year for the real estate market. Already up 2.9 per cent in the year to March 31st from the same period one year ago (see chart above), the North Bay market has settled into a balanced market state. Surprisingly, sales are off nearly 12 per cent in the first three months after a frenzied first quarter last year. Nonetheless, a further slipping of new listings seems to be keeping pressure on price. Of note is the average price level in the community with North Bay having the highest average price of all five markets reporting information. North Bay average priced unit sold for $118, 808 in the first quarter of 2003.

Sault Ste. Marie Market Plateaus

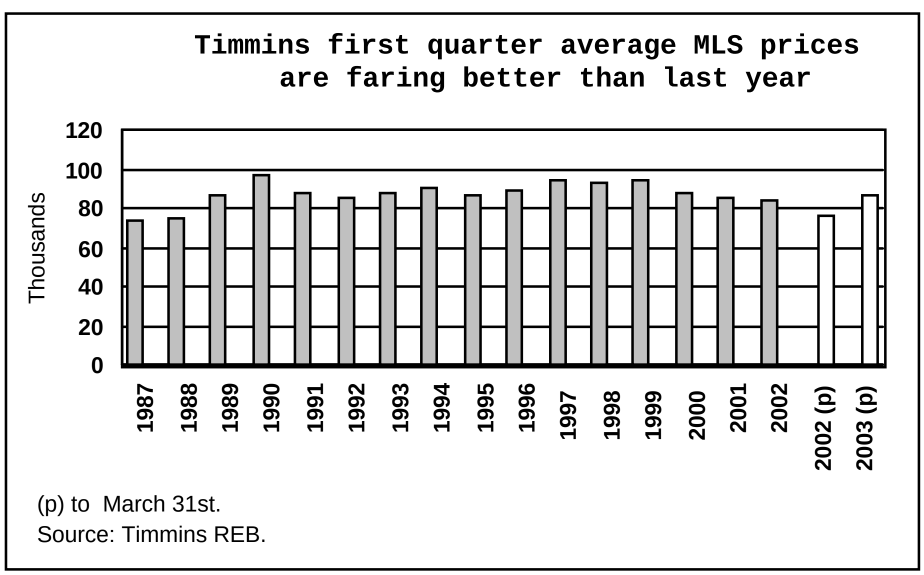
The run-up in average resale prices experienced in the late 1980's marked the last real dramatic move in average prices in the Sault market. Since then, the time series has moved in a narrow band between $90,500 and $95,000 as illustrated in the chart above. The last two years have seen prices at the lower end of this range while the first trimester has shown only marginal improvement to $92,650. Despite a small sales dip of 4.5 per cent from



2002:Q1, the second highest level of sales in the last four years was experienced in 2003:Q1.

Timmins Market Lacking Listings Too

It stands to reason that the lingering winter would affect northernmost markets most in the year-to-date. This is particularly true when sales are considered. Sales were the second weakest in the last four years and new listings were the lowest of any recent first quarter. Conversely, average prices raced ahead to top last year's Timmins full-year average, a full 14 per cent ahead of last year's first quarter. Volatility in average price comes from relatively small volumes as is evidenced in such a large jump in prices.



FORECAST SUMMARY
Northern Ontario

RESALE MARKET	2001	%chg	2002	%chg	2003(f)	%chg
Sudbury MLS sales*	1,937	4.6	2,031	4.9	2,143	5.5
Sudbury MLS average price	$107,774	4.0	$110,826	2.8	$114,151	3.0
Sudbury New Listings (Total)	4,361	-9.6	3,913	-10.3	3,796	-3.0
Thunder Bay MLS sales*	1,175	-1.7	1,214	3.3	1,250	3.0
Thunder Bay MLS average price	$112,726	-2.2	$114,365	1.5	$116,424	1.8
Thunder Bay New Listings (Total)	2,108	-7.0	2,083	-1.2	2,062	-1.0
NEW HOME MARKET	**2001**	**%chg**	**2002**	**%chg**	**2003(f)**	**%chg**
Sudbury Starts						
Total	191	-13.1	298	56.0	316	6.0
Single family	191	29.0	292	52.9	310	6.2
Multiple (semi, row, apt)	0	-94.1	6	ERR	6	n/a
Thunder Bay Starts						
Total	211	-13.1	195	-7.6	240	23.1
Single family	163	29.0	193	18.4	200	3.6
Multiple (semi, row, apt)	48	-94.1	2	-95.8	40	n/a
RENTAL MARKETS	**2001**	**%chg**	**2002**	**%chg**	**2003(f)**	**%chg**
Sudbury Vacancy rate (Oct. '02)	5.7%	n/a	5.1%	n/a	4.7%	n/a
Average rent, two-bed. apt.	$620	1.1	$647	4.4	$650	0.5
Thunder Bay Vacancy rate (Oct. '02)	5.8%	n/a	4.7%	n/a	3.7%	n/a
Average rent, two-bed. apt.	$657	1.1	$657	0.0	$667	1.5
ECONOMIC OVERVIEW	**2001**	**%chg**	**2002**	**%chg**	**2003(f)**	**%chg**
Mortgage rate, 1 year	6.14	n/a	5.17	n/a	5.73	n/a
Mortgage rate, 5 year	7.41	n/a	7.02	n/a	7.34	n/a
Sudbury Employed (Annual avg.)	72,700	5.9	73,500	1.1	73,000	-0.7
ER 590 ** Employed	257,300	0.1	254,500	1.9	n/a	n/a
Thunder Bay Employed (Annual avg.)	62,300	5.9	60,900	-2.2	62,500	2.6
ER 595 *** Employed	109,800	0.1	115,100	4.8	n/a	n/a

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

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

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

Watch for the Northern Ontario Housing Outlook Conferences this fall!

The dates for the fall Housing Outlook Conferences for Northern Ontario have been set. Thunder Bay's Conference will take place at the Valhalla Inn on October 7th while Sudbury's will be presented October 28th at the Cavern at Science North. As has been the practice, education credits will be available for real estate professionals. For further information, call Warren Philp at 807-343-2016 or toll-free 877-349-3688.

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

Warren Philp
Direct Line: (807) 343-2016, Toll-Free- (877) 349-3688.
e-mail: wphilp@cmhc-schl.gc.ca

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