

## YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

## Record Year for Oshawa CMA Residential Construction

FOURTH QUARTER 2002

The Oshawa Census Metropolitan Area (CMA) recorded a total of 3,490 housing starts in 2002. This is the best year on record since 1989 when 3,509 units were started. Low mortgage rates, employment gains, strong migration, and a shortage of listings in the resale market all contributed to strong demand for new homes throughout 2002. The impact of low mortgage rates on ownership costs sparked a substantial increase in demand for single detached homes, which jumped by 45 per cent to 2,955 units. Multiple unit starts, on the other hand, increased only marginally to 535 starts.

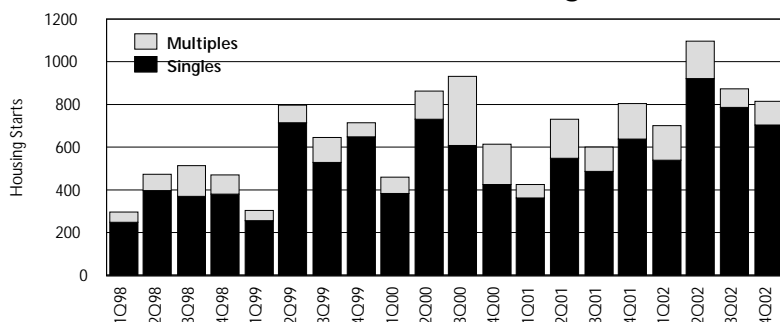
Total housing starts in 4Q02, at 815 units, are the best fourth quarter results since 1988. On a year-over-year basis, total starts in 4Q02 edged up by 1.4 per cent to 815. Single detached units edged up by 10.5 per cent to 705 units, while multiples declined to 110 units. On a seasonally adjusted basis, total starts dipped to 811 units in 4Q02 - the lowest level in 2002. Seasonally adjusted housing starts have been declining since the first quarter peak, but remain historically high.

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## Oshawa CMA Housing Starts



Source: CMHC

CMHC Toronto, Market Analysis  
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## Resale Market Stays Strong in Fourth Quarter

The tight supply of resale homes in the Oshawa CMA, combined with easing fears of imminent mortgage rate hikes, has resulted in weaker fourth quarter sales volumes. Year-over-year sales and listings declined for the second consecutive quarter, as more individuals not able to find their dream home in the resale market turned to the new home market. In the fourth quarter, total sales declined by 13.3 per cent to 997 units from the 4Q01 level. It should be noted, however, that resale volumes in 4Q01 reached record highs.

Seasonally adjusted resale and listings volumes show a more positive fourth quarter performance. Fourth quarter seasonally adjusted sales increased to 1,224 from a low of 1,185 in the third quarter. Although lower than the first half of 2002, the seasonally adjusted figure is still historically high and indicates that the resale market remains healthy. Seasonally adjusted listings also edged up in the fourth quarter, adding much needed

supply to the market.

Despite slower sales activity in the last two quarters of the year, total sales for 2002 reached 5,186 units in the Oshawa CMA, up 5 per cent from 2001. The number of resale homes exchanging hands in Whitby jumped by 14.6 per cent by year end to 1,630. Oshawa City saw sales increase by 3.5 per cent to 2,278. Sales volumes in Clarington edged down by 2.8 per cent to 1,278 by the end of 2002.

### Prices Continue to Move Higher

The strong demand/tight supply scenario continued to push Oshawa CMA resale prices higher. The average price of a resale home in the Oshawa CMA increased by 8.5 per cent to \$191,754 in 4Q02. Fourth quarter price gains ranged from a low of 6.8 per cent in Oshawa City to a high of 10.2 per cent in Clarington. On the year, the average price in the Oshawa CMA climbed by 8.2 per cent to \$186,785. The seasonally adjusted average price in the Oshawa CMA jumped by 4 per cent from the third quarter to \$193,095, reflecting a market that has remained firmly in favour of the seller.

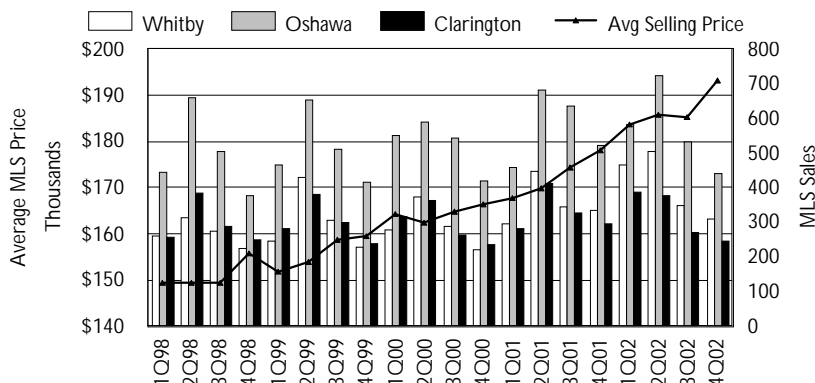
## Employment Update

Employment figures are an important leading indicator of local housing demand. Typically, an individual will secure employment and form a household in the rental market. After a few years time that individual may have accumulated a down payment and may so choose to move into the ownership market. Given that there is a time lag between employment gains and a boost to ownership demand, it is expected then that employment growth over the last few years is fuelling the latest housing boom.

The Oshawa CMA job market has been creating jobs since 1993, with the largest increases in job creation occurring post 1996. The number of jobs increased by 2.1 per cent in 2002 (3,275 jobs), following a 3.8 per cent gain in 2001. While job growth slowed in 2002, employment in manufacturing rebounded thereby increasing the number of higher paying jobs that impact housing demand most.

Toronto employment figures also impact local housing demand as some individuals currently living and working in Toronto, may choose the Oshawa CMA as their future home. Employment in Toronto expanded by 1.9 per cent in 2002 (just under 50,000 jobs). Like Oshawa, Toronto's manufacturing sector remains strong. The strong pace of job growth since the mid 1990s has translated into a growing pool of first time buyers to date. Employment growth in 2002, will translate into a strong housing market in 2003.

### MLS Sales and Average Price



Source: TREB, CMHC

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## Oshawa and Clarington Edge out Whitby in Terms of Growth

Both Oshawa and Clarington edged out Whitby with respect to growth in housing starts in 2002. Total starts advanced by 68.1 per cent in Oshawa to 854 units, and by 55.3 per cent in Clarington to 809 units. The combination of low mortgage rates and lower priced product in Oshawa and Clarington fuelled first time buyer demand in the eastern portion of the CMA. Total starts in Whitby increased by 19.3 per cent by year end to 511 units.

Starts by municipality indicate a similar trend in the fourth quarter, with Clarington leading growth in housing starts up 31.4 per cent to 180 units. Oshawa City starts increased by 26.9 per cent to 198 units. Whitby, still the leader in terms of volumes, experienced a 14.5 per cent decline in housing starts from historical highs recorded in 4Q01.

## New Home Prices Jump in 2002

After two years of modest price increases in the new home market, strong demand and rising construction costs in 2002 have pushed new home prices higher. The average

price of a new single detached unit increased by 7.5 per cent to \$235,809 by year end. Substantial increases in the absorption of more expensive homes relative to last year has also pushed the average price higher in 2002. While demand for new homes priced under \$250,000 increased this year, the increase in demand for homes priced between \$250,000 and \$349,999 has been far more substantial. Single detached absorptions for units priced in this range have jumped by 105 per cent, indicating a huge boost in move up buyer activity. Home owners have taken advantage of equity gains and low mortgage rates in 2002, moving into larger homes.

**TABLE 1: STARTS ACTIVITIES BY AREA AND INTENDED MARKET  
OSHAWA CMA**

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD			CONDOMINIUM		PRIVATE		
	SINGLE	SEMI	ROW	ROW	APT	ROW	APT	
<b>Oshawa CMA</b>								
Fourth Quarter 2002	705	24	86	0	0	0	0	815
Fourth Quarter 2001	638	16	128	0	0	22	0	804
% Change	10.5%	50.0%	-32.8%	na	na	-100.0%	na	1.4%
Total 2002	2955	94	295	40	90	16	0	3490
Total 2001	2038	70	431	0	0	22	0	2561
% Change	45.0%	34.3%	-31.6%	na	na	-27.3%	na	36.3%
<b>Clarington</b>								
Fourth Quarter 2002	152	0	28	0	0	0	0	180
Fourth Quarter 2001	97	0	40	0	0	0	0	137
% Change	56.7%	na	-30.0%	na	na	na	na	31.4%
Total 2002	661	6	52	0	90	0	0	809
Total 2001	464	0	57	0	0	0	0	521
% Change	42.5%	na	-8.8%	na	na	na	na	55.3%
<b>Oshawa City</b>								
Fourth Quarter 2002	189	0	9	0	0	0	0	198
Fourth Quarter 2001	154	2	0	0	0	0	0	156
% Change	22.7%	-100.0%	na	na	na	na	na	26.9%
Total 2002	793	0	61	0	0	0	0	854
Total 2001	500	2	6	0	0	0	0	508
% Change	58.6%	-100.0%	916.7%	na	na	na	na	68.1%
<b>Whitby</b>								
Fourth Quarter 2002	364	24	49	0	0	0	0	437
Fourth Quarter 2001	387	14	88	0	0	22	0	511
% Change	-5.9%	71.4%	-44.3%	na	na	-100.0%	na	-14.5%
Total 2002	1501	88	182	40	0	16	0	1827
Total 2001	1074	68	368	0	0	22	0	1532
% Change	39.8%	29.4%	-50.5%	na	na	-27.3%	na	19.3%

Source: CMHC

## About Your House

Are you looking to pass on valuable information to your clients that will assist them in operating and maintain their homes? If yes, consider using Canada Mortgage and Housing Corporation's free *About Your House* series as a resource. Easy to read and understand, *About Your House* fact sheets provide homeowners with information on common housing questions, issues and problems.

To download the series or order them on-line click on [www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca). For more information, or to order by phone, call 1-800-668-2642.

### TABLE 2: RESIDENTIAL CONSTRUCTION BY INTENDED MARKET OSHAWA CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD			CONDOMINIUM		PRIVATE		
	SINGLE	SEMI	ROW	ROW	APT	ROW	APT	
<b>Starts</b>								
Fourth Quarter 2002	705	24	86	0	0	0	0	815
Fourth Quarter 2001	638	16	128	0	0	22	0	804
% Change	10.5%	50.0%	-32.8%	na	na	-100.0%	na	1.4%
Total 2002	2955	94	295	40	90	16	0	3490
Total 2001	2038	70	431	0	0	22	0	2561
% Change	45.0%	34.3%	-31.6%	na	na	-27.3%	na	36.3%
<b>Under Construction*</b>								
Fourth Quarter 2002	1374	28	163	0	90	0	0	1655
Fourth Quarter 2001	1065	46	219	0	0	22	128	1480
<b>Completions</b>								
Fourth Quarter 2002	802	2	30	36	0	0	0	870
Fourth Quarter 2001	483	46	103	0	0	0	0	632
% Change	66.0%	-95.7%	-70.9%	na	na	na	na	37.7%
Total 2002	2644	112	351	40	0	38	130	3315
Total 2001	1915	96	465	84	0	0	0	2560
% Change	38.1%	16.7%	-24.5%	-52.4%	na	na	na	29.5%
<b>Complete and Not Absorbed*</b>								
Fourth Quarter 2002	35	6	12	6	0	0	0	59
Fourth Quarter 2001	25	9	17	0	0	0	0	51
<b>Absorptions</b>								
Fourth Quarter 2002	795	4	41	30	0	0	0	870
Fourth Quarter 2001	478	45	102	2	0	0	0	627
% Change	66.3%	-91.1%	-59.8%	1400.0%	na	na	na	38.8%
Total 2002	2634	114	356	34	0	38	130	3306
Total 2001	1925	92	463	87	0	0	0	2567
% Change	36.8%	23.9%	-23.1%	-60.9%	na	na	na	28.8%

Source: CMHC

**TABLE 3: NEW SINGLE DETACHED PRICE BY MUNICIPALITY  
OSHAWA CMA**

	FOURTH QUARTER 2002	FOURTH QUARTER 2001	PER CENT CHANGE	TOTAL 2002	TOTAL 2001	PER CENT CHANGE
<b>Oshawa CMA</b>	\$239,250	\$225,322	6.2%	\$235,809	\$219,363	7.5%
<b>Whitby</b>	\$247,288	\$239,707	3.2%	\$247,428	\$231,596	6.8%
<b>Oshawa City</b>	\$235,516	\$217,943	8.1%	\$227,394	\$207,638	9.5%
<b>Clarington</b>	\$225,177	\$205,618	9.5%	\$217,795	\$204,240	6.6%

Source: Toronto Real Estate Board, CMHC

**TABLE 4: ABSORBED SINGLE DETACHED UNITS BY PRICE RANGE**

	< \$149,999	\$150,000 - \$199,999	\$200,000 - \$249,999	\$250,000 - \$299,999	\$300,000 - \$349,999	\$350,000 - \$399,999	\$400,000+
<b>Oshawa CMA</b>							
Fourth Quarter 2002	0	151	383	182	54	12	13
Fourth Quarter 2001	4	141	230	73	20	7	3
% Change	-100.0%	7.1%	66.5%	149.3%	170.0%	71.4%	333.3%
Total 2002	6	570	1278	592	129	34	30
Total 2001	31	713	793	290	62	24	12
% Change	-80.6%	-20.1%	61.2%	104.1%	108.1%	41.7%	150.0%
<b>Whitby</b>							
Fourth Quarter 2002	0	46	209	109	37	1	10
Fourth Quarter 2001	0	33	130	53	14	2	2
% Change	na	39.4%	60.8%	105.7%	164.3%	-50.0%	400.0%
Total 2002	0	171	686	398	93	12	24
Total 2001	0	246	488	224	41	7	6
% Change	na	-30.5%	40.6%	77.7%	126.8%	71.4%	300.0%
<b>Oshawa City</b>							
Fourth Quarter 2002	0	32	111	48	7	3	0
Fourth Quarter 2001	0	45	54	13	2	3	0
% Change	na	-28.9%	105.6%	269.2%	250.0%	0.0%	na
Total 2002	3	148	383	124	15	6	1
Total 2001	15	201	154	32	8	7	3
% Change	-80.0%	-26.4%	148.7%	287.5%	87.5%	-14.3%	-66.7%
<b>Clarington</b>							
Fourth Quarter 2002	0	73	63	25	41	8	3
Fourth Quarter 2001	4	63	46	7	47	2	1
% Change	-100.0%	15.9%	37.0%	257.1%	-12.8%	300.0%	200.0%
Total 2002	3	251	209	70	21	16	5
Total 2001	16	266	151	34	13	10	3
% Change	-81.3%	-5.6%	38.4%	105.9%	61.5%	60.0%	66.7%

Source: CMHC

**TABLE 5: MLS\* SALES TO NEW LISTING RATIO BY MUNICIPALITY**

	FOURTH QUARTER 2002	FOURTH QUARTER 2001	TOTAL 2002	TOTAL 2001
Durham Region	75.0%	83.3%	71.9%	69.5%
Oshawa CMA	79.3%	85.1%	75.6%	71.2%
Whitby	76.9%	81.8%	72.5%	70.5%
Oshawa City	82.5%	91.4%	78.2%	73.2%
Clarington	77.0%	78.8%	75.2%	68.7%

Source: Toronto Real Estate Board, CMHC

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

**TABLE 6: MLS\* RESIDENTIAL UNIT SALES BY MUNICIPALITY**

	FOURTH QUARTER 2002	FOURTH QUARTER 2001	PER CENT CHANGE	TOTAL 2002	TOTAL 2001	PER CENT CHANGE
Durham Region	1707	1965	-13.1%	8875	8535	4.0%
Oshawa CMA	997	1150	-13.3%	5186	4937	5.0%
Whitby	310	333	-6.9%	1630	1422	14.6%
Oshawa City	442	523	-15.5%	2278	2200	3.5%
Clarington	245	294	-16.7%	1278	1315	-2.8%

Source: Toronto Real Estate Board, CMHC

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

**TABLE 7: MLS\* AVERAGE PRICE BY MUNICIPALITY**

	FOURTH QUARTER 2002	FOURTH QUARTER 2001	PER CENT CHANGE	TOTAL 2002	TOTAL 2001	PER CENT CHANGE
Durham Region	\$208,203	\$192,542	8.1%	\$204,954	\$188,687	8.6%
Oshawa CMA	\$191,754	\$176,755	8.5%	\$186,785	\$172,603	8.2%
Whitby	\$231,409	\$215,691	7.3%	\$226,736	\$213,470	6.2%
Oshawa City	\$160,342	\$150,162	6.8%	\$157,674	\$146,299	7.8%
Clarington	\$198,248	\$179,959	10.2%	\$187,721	\$172,417	8.9%

Source: Toronto Real Estate Board, CMHC

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

**TABLE 8: ECONOMIC INDICATORS - OSHAWA CMA**

	BANK RATE	MTG. RATE 3 YR TERM	EXCH. RATE (\$CDN/\$US)	EMPLOYMENT RATIO* (%)	UNEMPLOYMENT RATE* (%)
<b>2000</b>					
January	5.00	8.15	39.73	63.8	5.2
February	5.25	8.22	68.95	63.4	5.5
March	5.50	8.08	68.74	63.4	5.7
April	5.50	8.07	67.61	63.5	5.5
May	6.00	8.34	66.41	63.4	5.6
June	6.00	8.22	67.49	63.2	5.8
July	6.00	8.06	67.99	63.1	6.1
August	6.00	7.97	67.87	63.8	5.8
September	6.00	7.96	66.53	64.2	5.8
October	6.00	7.97	66.30	65.3	5.5
November	6.00	7.94	64.99	66.0	5.9
December	6.00	7.75	66.35	66.8	5.5
<b>Average</b>	<b>5.77</b>	<b>8.06</b>	<b>67.41</b>	<b>64.4</b>	<b>5.7</b>
<b>2001</b>					
January	5.75	7.44	66.89	66.7	5.6
February	5.75	7.37	64.58	66.5	5.2
March	5.25	6.97	63.61	66.3	5.4
April	5.00	6.91	64.70	65.9	5.3
May	4.75	7.01	65.27	65.7	5.3
June	4.75	7.10	65.67	65.1	5.2
July	4.50	7.10	65.04	65.0	5.3
August	4.25	7.04	64.67	64.5	5.6
September	3.75	6.64	63.32	64.6	5.7
October	3.00	6.16	63.02	64.2	6.0
November	2.50	5.64	63.19	64.4	6.0
December	2.50	5.64	62.70	64.8	6.2
<b>Average</b>	<b>4.31</b>	<b>6.75</b>	<b>64.39</b>	<b>65.2</b>	<b>5.6</b>
<b>2002</b>					
January	2.25	5.60	62.80	64.6	7.4
February	2.25	5.61	62.18	64.6	7.8
March	2.25	5.97	62.75	63.7	8.3
April	2.50	6.35	63.96	63.6	8.0
May	2.50	6.40	65.16	63.8	7.4
June	2.75	6.40	65.76	64.1	6.5
July	3.00	6.33	63.12	64.5	5.7
August	3.00	6.02	64.12	65.0	5.9
September	3.00	5.92	63.41	65.1	6.0
October	3.00	5.90	64.20	65.7	6.1
November	3.00	5.83	63.54	66.3	6.0
December	3.00	5.81	64.60	66.9	6.3
<b>Average</b>	<b>2.71</b>	<b>6.01</b>	<b>63.80</b>	<b>64.9</b>	<b>6.8</b>

Source: Bank of Canada, CMHC, Statistics Canada

\* Figures have been seasonally adjusted.

## 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 yet started.

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