



# HOUSING NOW

St. Catharines/Niagara

## YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

VOLUME 6, NUMBER 3

THIRD QUARTER 2003

### Single Construction in the third quarter of 2003 second highest since 1992

- Total housing starts in the St.Catharines-Niagara CMA rose 20 per cent from the third quarter of 2002 to reach 436 units in 2003Q3. Steady demand for single detached homes accounted for the solid performance of the market.
- Low borrowing costs, a hot resale market combined with steady employment levels and stable net migration are definitely boosting housing demand.
- Excluding the third quarter of 1999, single construction this third quarter is the highest since 1992.
- Year-to-date numbers firmly indicate that construction this year

will surpass last year's level. Year-to-date single construction is 15 per cent higher than last year's level.

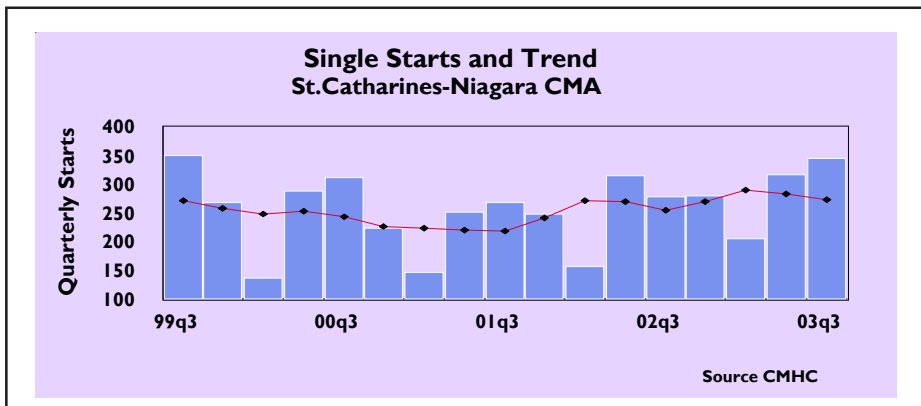
- Potential home buyers continue to benefit from a low interest rate environment. Furthermore there is limited choice in the resale market. Listings have been on a downward trend despite solid price growth in the resale market.
- Individuals have to balance the incentive to list their properties (due to solid price growth) against the availability of suitable homes in either the new home market or the existing resale market. If that choice is scarce

#### In this issue

- 1 Single Construction powers starts in third quarter
- 2 Resale Market still hot
- 3 Starts by Zone and Intended Market
- 4 Single Absorption Profile
- 5 Activity Summary by Intended Market
- 6 Activity Summary by Municipalities
- 8 Single Absorption by Price range

then listings dry up and resale prices rise in the face of continuous demand. That demand eventually spills over into the new home market leading to rising construction levels.

- Looking ahead in the final quarter of 2003, we expect a slight softening in construction activity. Nevertheless final numbers will indicate a strong year for 2003.



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HOME TO CANADIANS

Canada

- The average price of a new single detached home in the St. Catharines-Niagara CMA rose 9 per cent from the third quarter of last year. The proportion of singles absorbed at or above \$250K rose from 25 per cent to reach 41 per cent in the third quarter of 2003. Except for Port Colborne price increases were noted in all the municipalities.

- The decline in prices in Port Colborne is attributed to the sale of a home at \$300,00 in the third quarter of 2002. This sale inflated the average price. Thus comparison between the two quarters indicate a decline. In Wainfleet average prices rose by 30 per cent, which is well above the regional average. The large price growth resulted from increased sales of home above \$200,000 compared with sales below that level in the third quarter of 2002.

- In more stable markets like Niagara Falls and Welland price increase were closer to the average.

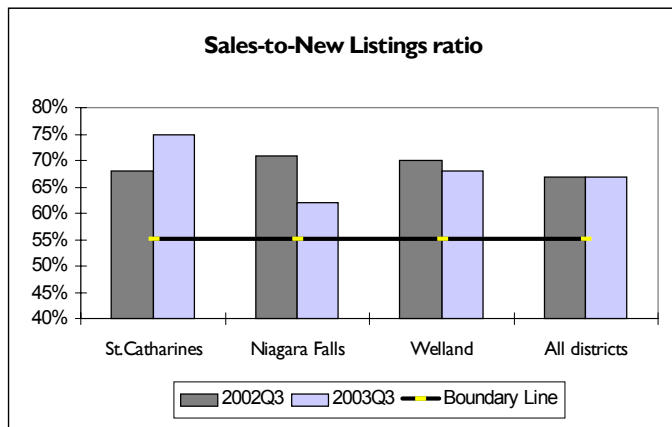
Economic Indicators			
	Aug-03	Aug-02	%Change
NHPI	1.22	1.16	5.4
Consumer Price index	123	120	2.5
	Sep-03	Sep-02	
Employment level	204,400	203,100	0.6
Unemployment rate	6.1	6.0	n/a
5 year mortgage rate	6.4	5.8	n/a

Source: Statistics Canada, CMHC

In St. Catharines average prices grew by 3 per cent given the already high prices observed in 2002.

- A mixture of low inventories, a hot resale market, low borrowing costs and steady migration are contributing to strong housing demand, which in turn is generating steady price growth in the market.

## Resale Market



Source: Niagara Real Estate Association

- Total sales were up 9 per cent from the third quarter of 2002. Average prices climbed 8.5 per cent to reach \$157,178. Listings and sales both grew by 9 per cent. Subsequently the sales-to-new listings ratio was unchanged at 67 per cent. The market still remains in seller's territory (above 55 per cent). The sales to new listings ratio is an indication of how tight the market is. A seller's market indicate that units listed are sold very quickly. Low borrowing costs combined with steady employment levels continue to incent resale activities.

- The St. Catharines district remains the hottest market. Sales grew at 19 per cent while listings increased by 8 per cent. Consequently the sales-to-new listings ratio rose to 75 per cent from 68 per cent last year. Demand outpaced supply resulting in an almost 14 per cent increase in average prices.

MLS® SALES ACTIVITY				
	Sales	Price	SNLR	
<b>All districts</b>				
2003Q3	1702	\$157,178	0.67	
2002Q3	1557	\$144,850	0.67	
%change	9.3	8.5		
<b>St. Catharines district</b>				
2003Q3	580	\$151,670	0.75	
2002Q3	486	\$133,254	0.68	
%change	19.3	13.8		
<b>Niagara Falls district</b>				
2003Q3	346	\$148,466	0.62	
2002Q3	317	\$136,785	0.71	
%change	9.1	8.5		
<b>Welland District</b>				
2003Q3	221	\$126,522	0.7	
2002Q3	212	\$114,477	0.68	
%change	4.2	10.5		

Source: Niagara Real Estate Association

- In Niagara Falls sales increased by 9 per cent while listings reversed the trend rising by a large 24 per cent. Subsequently the sales-to-new listings ratio dropped to 62 per cent from 71 per cent last year. Nevertheless average prices climbed by a 9 per cent. High average selling prices for single detached homes largely accounted for the growth in prices.

- In the Welland district sales grew at 4 per cent while listings rose by 2 per cent. The sales-to-new listings ratio rose to 70 per cent from 68 per cent last year. Higher demand resulted in a 10 per cent price growth. Price increases were generated from sales of higher priced bungalows and 2 storey homes.

TABLE 1 : STARTS BY ZONE AND BY INTENDED MARKET

	OWNERSHIP FREEHOLD			CONDOMINIUM		RENTAL		TOTAL
	SINGLE	SEMI	ROW	ROW	APT	ROW	APT	
Zone 1								
<b>St.Catharines City</b>								
2003 Q3	68	2	8	0	0	0	2	80
2002 Q3	56	14	4	0	0	0	4	78
Zone 2								
<b>Niagara Falls</b>								
2003 Q3	87	2	11	0	0	0	0	100
2002 Q3	62	0	0	0	0	0	0	62
Zone 3								
<b>Welland</b>								
2003 Q3	38	12	11	0	0	0	0	61
2002 Q3	37	6	20	0	0	0	0	63
Zone 4								
<b>Lincoln</b>								
2003 Q3	14	0	0	0	0	0	0	14
2002 Q3	30	2	7	0	0	0	0	39
Zone 5								
<b>Fort Erie</b>								
2003 Q3	34	6	0	20	0	0	3	63
2002 Q3	32	0	0	0	0	0	0	32
Zone 6								
<b>Niagara-on-the-Lake</b>								
2003 Q3	51	0	4	0	0	0	0	55
2002 Q3	25	0	16	0	0	0	0	41
Zone 7								
<b>Pelham</b>								
2003 Q3	15	0	0	0	0	0	0	15
2002 Q3	15	0	0	0	0	0	0	15
Zone 8								
<b>Port Colborne</b>								
2003 Q3	8	0	4	0	0	0	0	12
2002 Q3	7	0	0	0	0	0	0	7
Zone 9								
<b>Thorold</b>								
2003 Q3	20	2	4	0	0	0	0	26
2002 Q3	4	2	8	0	0	0	0	14
Zone 10								
<b>Wainfleet</b>								
2003 Q3	10	0	0	0	0	0	0	10
2002 Q3	11	0	0	0	0	0	0	11
Total								
<b>St.Catharines-Niagara CMA</b>								
2003 Q3	345	24	42	20	0	0	5	436
2002 Q3	279	24	55	0	0	0	4	362

TABLE 2 : SINGLE DETACHED ABSORPTION PROFILE AT SEPTEMBER 2003

Municipality	Average Price	Average Price	% chg	Supply* SEP	Supply* SEP	% chg	Absorptions 2003Q3	Completions 2003Q3	% Abs at completions
	2003Q3	2002Q3		2003	2002				
St. Catharines	\$259,943	\$252,241	3.1	16	18	-11.1	83	79	100.0
Niagara Falls	\$241,145	\$212,931	13.3	18	12	50.0	92	91	101.1
Welland	\$193,202	\$175,027	10.4	12	2	500.0	64	44	100.0
Lincoln	\$282,138	\$249,945	12.9	4	8	-50.0	22	44	100.0
Fort Erie	\$269,310	\$238,260	13.0	1	9	-88.9	32	35	100.0
NOTL	\$316,106	\$281,700	12.2	12	20	-40.0	42	24	100.0
Pelham	\$300,374	\$290,376	3.4	5	3	66.7	23	27	85.2
Port Colborne	\$179,988	\$213,300	-15.6	2	0	n/a	17	8	N/A
Thorold	\$239,428	\$218,167	9.7	2	1	100.0	22	11	N/A
Wainfleet	\$234,908	\$180,667	30.0	0	0	n/a	12	6	N/A
St. Catharines-Niagara CMA	\$251,181	\$230,448	9.0	72	73	-1.4	409	369	100.0

\* Supply consists of completed and unabsorbed units at the end of September 2003

CHART I: PRICE CHANGES FOR SINGLE HOMES FROM 2002Q3 TO 2003Q3

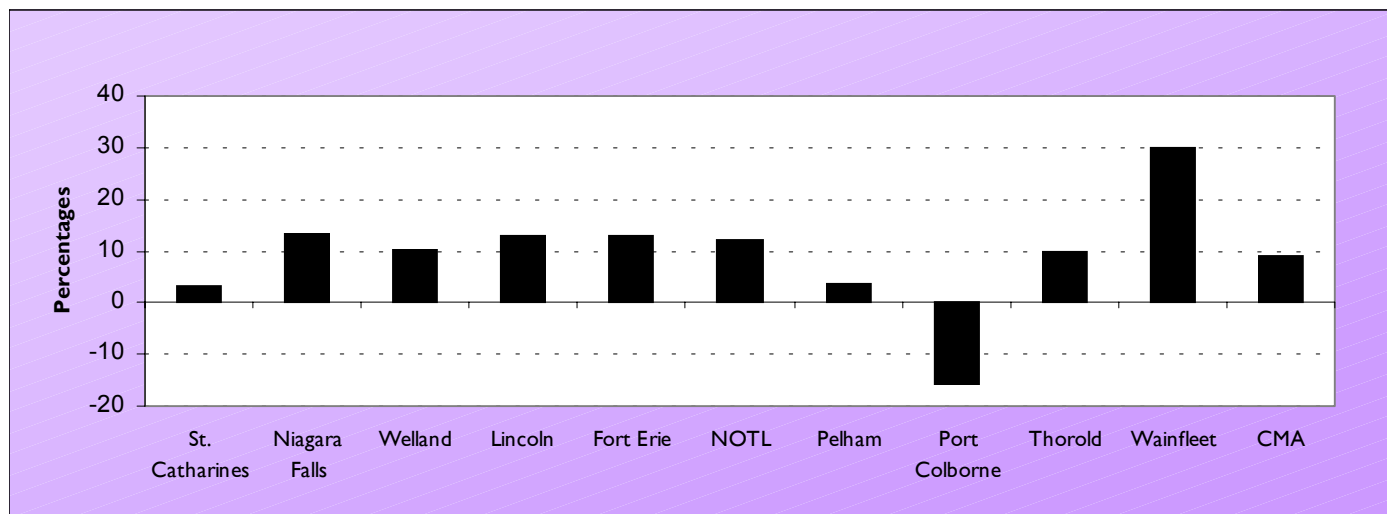


TABLE 3:ACTIVITY SUMMARY BY INTENDED MARKET

	OWNERSHIP FREEHOLD			CONDOMINIUM		RENTAL		TOTAL
	SINGLE	SEMI	ROW	ROW	APT	ROW	APT	
<b>Pending Starts</b>								
Sep 2003	141	8	12	9	0	0	3	173
Sep 2002	137	4	16	6	0	0	0	163
% change	3	100	-25	n/a	n/a	n/a	n/a	6
<b>Starts</b>								
2003Q3	345	24	42	20	0	0	5	436
2002Q3	279	24	55	0	0	0	4	362
% change	24	0	-24	n/a	n/a	n/a	n/a	20
<b>Under Construction</b>								
Sep 2003	481	40	125	131	0	0	3	780
Sep 2002	417	46	123	45	0	0	0	631
% change	15	-13	2	191	n/a	n/a	n/a	24
<b>Completions</b>								
Sep 2003	109	14	17	0	0	0	4	144
Sep 2002	89	14	21	9	0	0	4	137
% change	22	0	-19	n/a	n/a	n/a	n/a	5
Year-to-date 2003	799	48	82	20	0	0	4	953
Year-to-date 2002	678	58	84	41	0	0	30	891
% YTD change	18	-17	-2	-51	n/a	n/a	n/a	7
<b>Completed and not absorbed</b>								
Sep 2003	72	10	8	6	0	0	0	96
Sep 2002	73	15	7	12	2	0	3	112
% change	-1	-33	14	-50	n/a	n/a	n/a	-14
<b>Total Supply</b>								
Sep 2003	694	58	145	146	0	0	6	1049
Sep 2002	627	65	146	63	2	0	3	906
% change	11	-11	-1	132	-100	n/a	100	16
<b>Absorptions</b>								
Sep 2003	103	14	13	1	0	0	4	135
Sep 2002	87	11	21	6	0	0	2	127
% change	18	27	-38	n/a	n/a	n/a	n/a	6

## Definitions

**Pending Start** refers to a dwelling unit where a building permit and/or National Housing Act approval exists but construction has not started.

**Start** refers to a dwelling unit where the construction stage incorporates full footings. In the case of multiple units, the definition applies to the entire structure.

**Under Construction** refers to the inventory of units currently being constructed. This number includes current month starts but not current month completions.

**Completion:** for single-detached and semi-detached units: implies that 90% or more of the structure is complete. A structure may be considered 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 total supply of new units and includes pending starts, units under construction and units 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.

TABLE 4A  
HOUSING ACTIVITY BY MUNICIPALITIES: UNDER CONSTRUCTION

	FREEHOLD						CONDO				RENTAL				GRAND	
	SINGLE		SEMI		ROW		ROW		APT		ROW		APT		TOTAL	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
<b>UNDER CONSTRUCTION</b>																
Fort Erie Town	45	47	6	0	0	0	26	6	0	0	0	0	3	0	80	53
Lincoln Town	38	61	0	10	4	11	0	0	0	0	0	0	0	42	82	
Niagara Falls City	100	65	4	2	30	38	51	10	0	0	0	0	0	185	115	
Niagara-on-the-Lake Town	59	45	0	2	13	20	6	4	0	0	0	0	0	78	71	
Pelham Town	27	26	0	0	0	0	9	9	0	0	0	0	0	36	35	
Port Colborne City	13	13	0	0	4	5	0	0	0	0	0	0	0	17	18	
St. Catharines City	106	74	8	22	20	4	20	16	0	0	0	0	0	154	116	
Thorold City	31	12	2	2	8	13	0	0	0	0	0	0	0	41	27	
Wainfleet Twp.	15	18	0	0	0	0	0	0	0	0	0	0	0	15	18	
Welland City	47	56	20	8	46	32	19	0	0	0	0	0	0	132	96	
<b>Total CMA</b>	<b>481</b>	<b>417</b>	<b>40</b>	<b>46</b>	<b>125</b>	<b>123</b>	<b>131</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>780</b>	<b>631</b>	

TABLE 4B  
HOUSING ACTIVITY BY MUNICIPALITIES: COMPLETIONS

	FREEHOLD						CONDO				RENTAL				GRAND	
	SINGLE		SEMI		ROW		ROW		APT		ROW		APT		TOTAL	
	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3
<b>COMPLETIONS</b>																
Fort Erie Town	32	34	0	0	0	0	0	0	0	0	0	0	0	0	32	34
Lincoln Town	20	23	0	6	3	21	0	0	0	0	0	0	0	23	50	
Niagara Falls City	81	82	4	0	8	5	5	0	0	0	0	0	0	98	87	
Niagara-on-the-Lake Town	18	14	0	6	19	4	0	5	0	0	0	0	0	37	29	
Pelham Town	23	19	0	0	0	0	0	7	0	0	0	0	0	23	26	
Port Colborne City	9	3	0	0	9	4	0	0	0	0	0	0	0	18	7	
St. Catharines City	61	55	8	2	0	0	3	11	0	0	0	0	4	76	76	
Thorold City	18	5	4	2	0	3	0	0	0	0	0	0	0	22	10	
Wainfleet Twp.	12	6	0	0	0	0	0	0	0	0	0	0	0	12	6	
Welland City	46	35	10	2	14	5	0	0	0	0	0	0	0	70	42	
<b>Total CMA</b>	<b>320</b>	<b>276</b>	<b>26</b>	<b>18</b>	<b>53</b>	<b>42</b>	<b>8</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>411</b>	<b>367</b>	

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TABLE 4C  
HOUSING ACTIVITY BY MUNICIPALITIES: ABSORPTIONS

	FREEHOLD						CONDO				RENTAL				GRAND	
	SINGLE		SEMI		ROW		ROW		APT		ROW		APT		TOTAL	
	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3
<b>ABSORPTIONS</b>																
Fort Erie Town	32	35	0	0	0	0	0	0	0	0	0	0	0	0	32	35
Lincoln Town	21	22	0	5	1	17	0	0	0	0	0	0	0	22	44	
Niagara Falls City	75	83	2	0	9	7	6	1	0	0	0	0	0	92	91	
Niagara-on-the-Lake Town	18	15	6	2	16	4	2	3	0	0	0	0	0	42	24	
Pelham Town	22	21	0	0	0	0	1	6	0	0	0	0	0	23	27	
Port Colborne City	8	3	0	0	9	5	0	0	0	0	0	0	0	17	8	
St. Catharines City	70	55	5	4	0	0	4	14	0	0	0	0	4	83	79	
Thorold City	17	6	5	2	0	3	0	0	0	0	0	0	0	22	11	
Wainfleet Twp.	12	6	0	0	0	0	0	0	0	0	0	0	0	12	6	
Welland City	41	37	9	2	14	5	0	0	0	0	0	0	0	64	44	
<b>Total CMA</b>	<b>316</b>	<b>283</b>	<b>27</b>	<b>15</b>	<b>49</b>	<b>41</b>	<b>13</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>409</b>	<b>369</b>	

TABLE 4D  
HOUSING ACTIVITY BY MUNICIPALITIES: COMPLETED AND NOT ABSORBED

	FREEHOLD						CONDO				RENTAL				GRAND	
	SINGLE		SEMI		ROW		ROW		APT		ROW		APT		TOTAL	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
<b>COMPLETED AND NOT ABSORBED</b>																
Fort Erie Town	1	9	0	0	0	0	0	0	0	0	0	0	0	0	1	9
Lincoln Town	4	8	0	3	4	4	0	0	0	0	0	0	0	8	15	
Niagara Falls City	18	12	2	0	0	2	1	4	0	0	0	0	0	21	18	
Niagara-on-the-Lake Town	12	20	0	7	3	0	4	6	0	0	0	0	0	19	33	
Pelham Town	5	3	0	0	0	0	0	1	0	2	0	0	0	5	6	
Port Colborne City	2	0	0	0	1	1	0	0	0	0	0	0	0	3	1	
St. Catharines City	16	18	6	3	0	0	1	1	0	0	0	0	3	23	25	
Thorold City	2	1	1	2	0	0	0	0	0	0	0	0	0	3	3	
Wainfleet Twp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Welland City	12	2	1	0	0	0	0	0	0	0	0	0	0	13	2	
<b>Total CMA</b>	<b>72</b>	<b>73</b>	<b>10</b>	<b>15</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>12</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>96</b>	<b>112</b>	

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TABLE 5: ABSORPTION OF SINGLE DETACHED UNITS BY PRICE RANGE

	<\$100		100-149		150-199		200-249		250-299		300-349		350-399		400-449		450+		TOTAL	
	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3	03Q3	02Q3
Fort Erie Town	0	0	5	8	8	15	8	4	3	1	2	2	1	2	1	0	4	3	32	35
Port Colborne	0	0	1	0	5	2	2	0	0	0	0	1	0	0	0	0	0	0	8	3
Wainfleet Twp.	0	0	0	1	3	3	3	1	4	1	2	0	0	0	0	0	0	12	6	
Pelham Town	0	0	0	0	0	1	3	9	8	2	7	4	3	4	1	1	0	0	22	21
Welland City	1	0	0	9	23	17	13	9	3	2	1	0	0	0	0	0	0	41	37	
Thorold City	0	0	4	0	1	2	5	2	5	2	0	0	0	0	0	0	2	0	17	6
Niagara Falls City	0	0	4	0	20	60	25	12	13	5	6	3	3	0	2	0	2	3	75	83
NOTL	0	0	0	0	0	1	4	8	2	3	9	1	2	1	1	0	0	1	18	15
St. Catharines	0	0	0	2	9	19	30	12	19	11	6	2	2	7	2	1	2	1	70	55
Lincoln Town	0	0	0	0	0	11	11	3	4	1	1	3	4	2	1	2	0	0	21	22
St. Catharines CMA	1	0	14	20	69	131	104	60	61	28	34	16	15	16	8	4	10	8	316	283

CHART 2: DISTRIBUTION OF SINGLE DETACHED UNITS BY PRICE RANGE

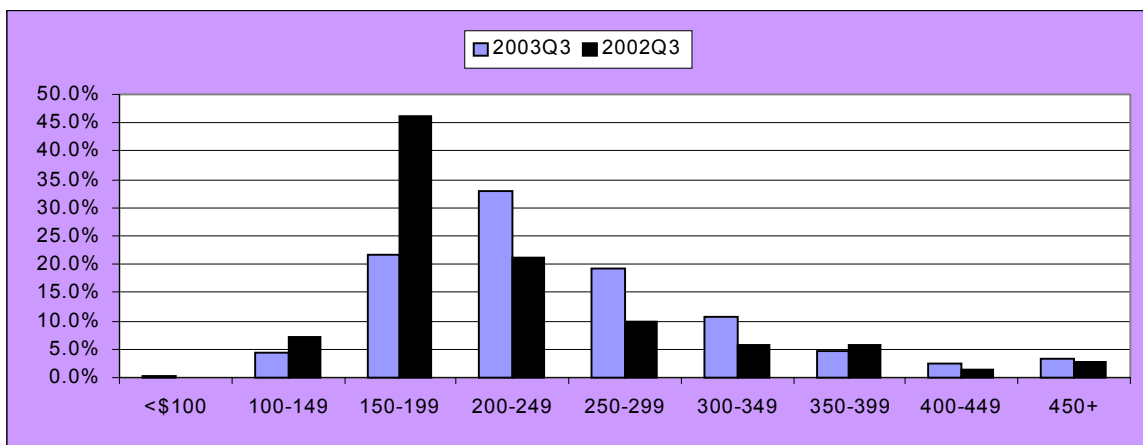
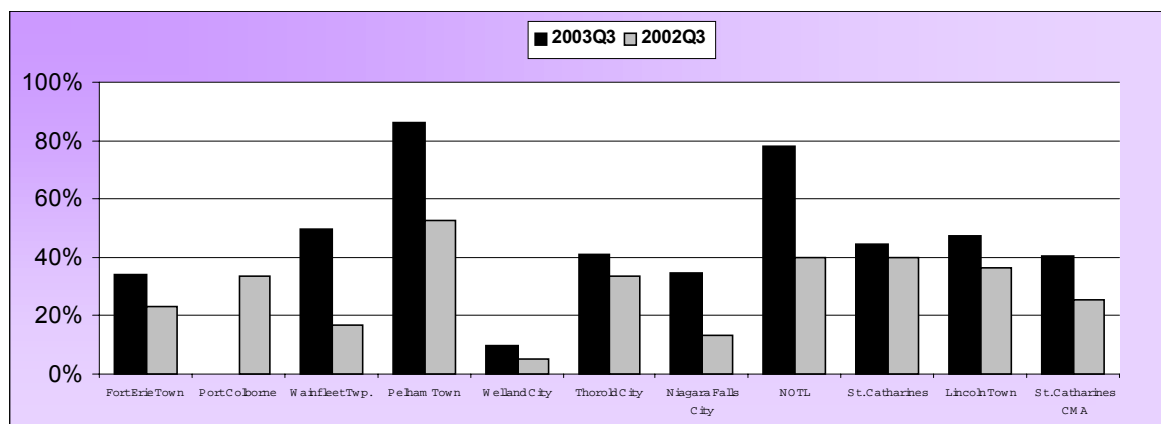


CHART 3: PROPORTION OF SINGLES AT OR ABOVE \$250,000



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# F

# ORECAST

# SUMMARY

St.Catharines-Niagara

Canada Mortgage and Housing Corporation

ISSUE:  
THIRD QUARTER 2003

## New Home Market

- Year-to-date numbers indicate that 2003 will be another strong year for the housing market. Low borrowing costs in combination with stable net migration, steady employment levels as well as low levels of completed but unoccupied units have contributed to this solid performance.
- By year-end total starts will reach 1467, up eleven per cent from

- last year. Single starts will reach 1180 up 14 per cent from the 2002 level.
- Looking ahead, the economic fundamentals in the market are indicative of another solid year for housing in 2004.
- Employment levels will remain high mainly due to the expected rebound in the US economy and to the opening of the Niagara Fallsview casino.

### IN THIS ISSUE

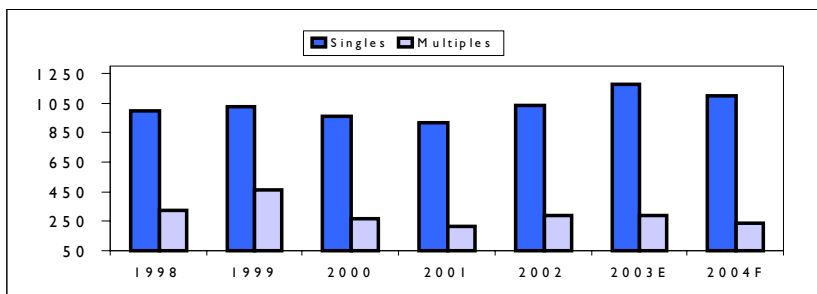
#### New Home Market

- Expect strong market next year

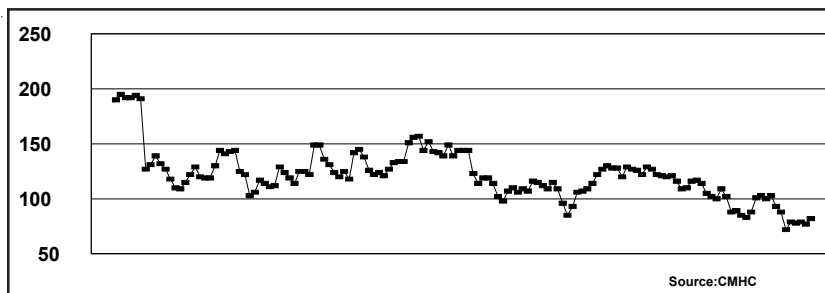
#### Resale Market

- Hot resale market
- Economic Overview
- Forecast Summary

### Annual Starts



### Completed and not occupied singles and semi units



- Furthermore strong intercity home price differentials will continue to attract migrants in the region. The current tightness in the resale market in combination with the low level of singles and semis in the market will generate further demand for new single detached homes and row houses.

- These factors will positively influence housing demand. On the other hand, rising interest rates in 2004 will soften both the resale and the new home market. Consequently we expect moderate price growth in both the resale and new home market. Taking all these factors into consideration we expect single starts to reach 1100 in 2004 while multiple starts will attain 240.

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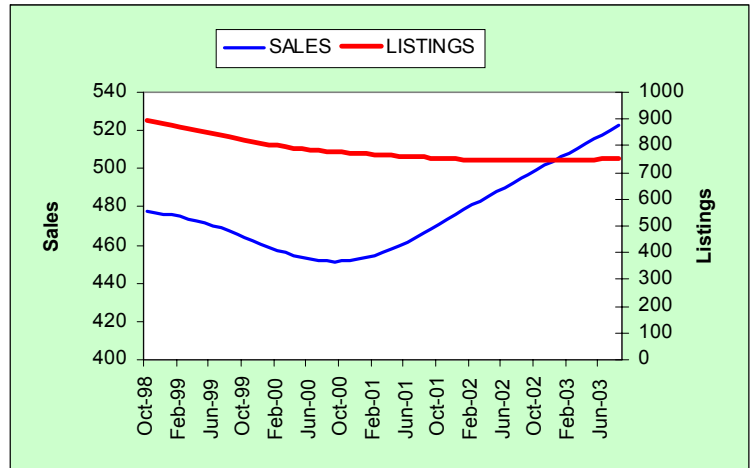


HOME TO CANADIANS  
Canada

# Resale Market Overview

Year-to-date sales in 2003 are 3.5 per cent higher than last year. Average prices in turn have grown by 7 per cent from last year. The sales-to-new listings ratio attained 67 per cent in the third quarter of 2003. All these facts point to a seller's market. Listings in the market have been on a downward trend whereas sales have been steadily rising since 2000. What are the incentives to list? The steady resale price growth is certainly one significant incentive. Low borrowing costs also allow the individual to move up once their home is sold. These two factors positively influence listings. However if there is limited choice either in the resale or the new home market, then the individual has nowhere to move to. This fact acts as a disincentive to list one's property on the market. The dynamics between these opposing forces ultimately influence the decision of the individual. Recently the trend seems to have flattened. The environment of low interest rates and strong resale price growth can account for this fact. In 2004, the

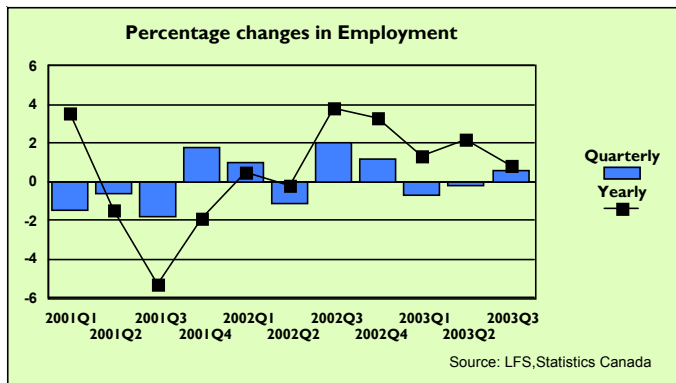
# Sales and Listings in St.Catharines-Niagara



Source CREA, Calculations CMHC

impact of higher interest rates will soften sales and price growth. Sales will decrease by 4.4 per cent to hit 5,800 in 2004. After increasing by 6.4% in 2003, average resale price will increase by a more modest 3.9% in 2004 to \$160,000.

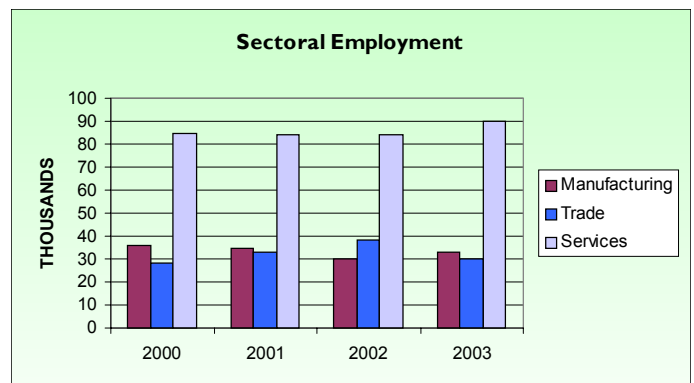
# Employment



Source: LFS, Statistics Canada

Despite several setbacks to the economy, employment levels remain steady in the region. Last year we saw record numbers. On a seasonally adjusted basis employment in the third quarter of 2003 is up 0.6 per cent from 2003Q2. Compared to a year ago, employment is up 0.8 per cent in 2003Q3. This is a remarkable performance for the region given the series of shocks that have hit the economy- war in Iraq, SARS, mad cow disease, power blackout and forest fires.

The INCO strike -affecting nickel production-had repercussions for the economy. It lowered national GDP by 0.1 per cent in the second quarter. The ripple effect was felt in Welland. Nevertheless year-to-date employment in the manufacturing sector is up compared to last year. Manufacturing contracts won by local companies are



keeping the numbers up. Trade on the other hand is 21 per cent lower than last year. Reduced cross-border traffic and delays certainly played a role there. Employment in the services sector increased over last year enjoying significant gains from the real estate and financial services sectors as a result of the robust housing market.

All told year 2003 is holding up very well. With the expected rebound in the US economy and the casino opening in 2004, one can expect more employment growth in the region. On an annual average basis, expect the employment level to reach 196,300 in 2003 and 199,300 in 2004.

## Mortgage Rates Outlook

- In September the national all-items CPI inflation stood at 2.2 per cent while core inflation was 1.7 per cent. The Bank of Canada in its last report indicated that global demand is picking up. This will boost foreign demand for Canadian products.
- The Canadian economy will further experience growth as a result of solid household spending, increased business investment, increased public

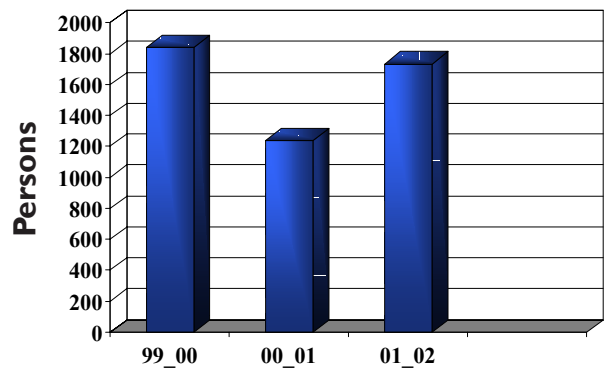
expenditure and an improving US economy.

- On the negative side Canadian growth is likely to be mitigated by the rapid appreciation of the Canadian dollar.
- All told the Bank of Canada will likely stay in accommodative mode in the near term. CMHC expect the one, three and five-year mortgage rates to be in the 4.25-5.25, 5.25-6.25, and 6.00-6.75 per cent ranges in 2003. Mortgage rates are forecast to rise by 0.50-0.75 per cent next year. Discounts from posted rates will be in the 0.50-1.50 range.

## Demographic Outlook

- Data released by the Small Area and Administrative Division of Statistics Canada indicated growth in net migration in the region over the period June 2001 to July 2002 compared to the same June-July period a year ago.
- Migrants continue to arrive from neighbouring cities like Hamilton and Toronto.
- The large differences in home prices between St.Catharines-Niagara, Hamilton and Toronto support the movement of migrants in the region.
- In addition the mild climate and other attractive features of the region generate added value for the homes in the region.
- With a positive outlook for jobs, we can expect migration levels to remain high in 2004.

Net Migration into St.Catharines-Niagara

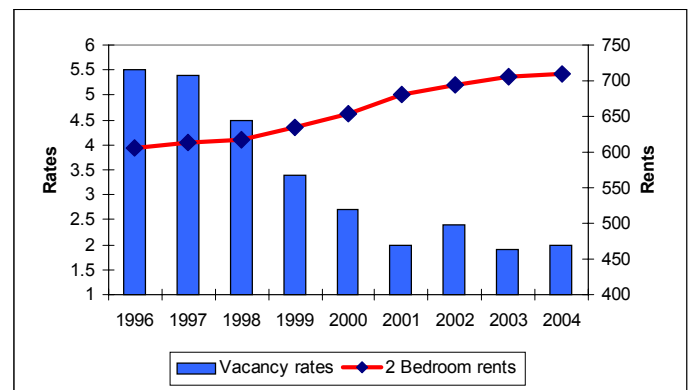


Source: Statistics Canada, Small Area and Administrative Division

## Rental Market Overview

- Two major factors will influence rental demand in 2003 and 2004.
- First the increased number of migrants in the region will boost demand for rental units in 2003 and 2004.
- Second, increased enrolments at colleges will also push up rental demand.
- Furthermore steady employment in 2003 and the expected increase in job growth in 2004 will place additional upward pressure on rental demand.
- On the other hand low interest rates will continue to stimulate homeownership, which will dampen rental demand.

Average Vacancy rates and 2-bedroom rents



- On balance we expect the vacancy rate to drop to below 2 per cent in 2003. In 2004 the vacancy rate will reach 2.1 per cent.

## ST.CATHARINES-NIAGARA CENSUS METROPOLITAN AREA

Forecast as at September 2003

<b>NEW HOME MARKET</b>	<b>2002</b>	<b>2003E</b>	<b>2004F</b>	<b>Change%</b>
Starts				
Singles	1032	1180	1100	-6.8
Multiples	285	287	240	-16.4
Total	1317	1467	1340	-8.7
<b>Average Price -New Single detached house</b>				
	\$227,000	\$231,000	\$232,000	0.4
<b>RESALE MARKET</b>				
MLS* Sales	5950	6065	5800	-4.4
MLS* Price	\$144,719	\$154,000	\$160,000	3.9
<b>RENTAL MARKET</b>				
Apartment vacancy rate	2.4	1.9	2.1	10.5
Average rent(2 bedroom)	\$695	\$705	\$710	0.7
<b>ECONOMIC OVERVIEW</b>				
Mortgage rate(5 year)	6.87	6 to 6.75	6.50 to 7.50	na
Employment (000s)	193.2	196.3	199.3	1.5
Net migration	1000	1700	1800	5.9

Sources: CREA, Statistics Canada, Conference Board of Canada

\* Multiple Listing Service is a registered certification mark own by the Canadian Real Estate Association(CREA)

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

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