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Canada Mortgage and Housing Corporation

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New Home Market

Starts cool down in 2005

Shortage of land and slightly higher mortgage carrying costs curtailed housing construction in 2005. Housing starts have been trending lower for most of 2005, so the dramatic decline from record-breaking 2004 starts came as no real surprise. New home starts plummeted by 23 per cent to 3,145 units in 2005 from a year earlier. Both detached and multi-family dwelling starts saw strong declines. The total starts level reached in 2005 is respectable and still in line with the preceding ten year average. The dramatic decline in

housing starts took place against a backdrop of a tight resale market with record breaking sales and rapid home price escalation. A lack of available serviceable lots is largely to blame for the decrease in housing starts.

Higher than usual precipitation levels during October and November helped to put the brakes on housing construction. Fourth quarter housing starts trailed by 16 per cent compared to the same quarter a year earlier.

FOURTH QUARTER 2005

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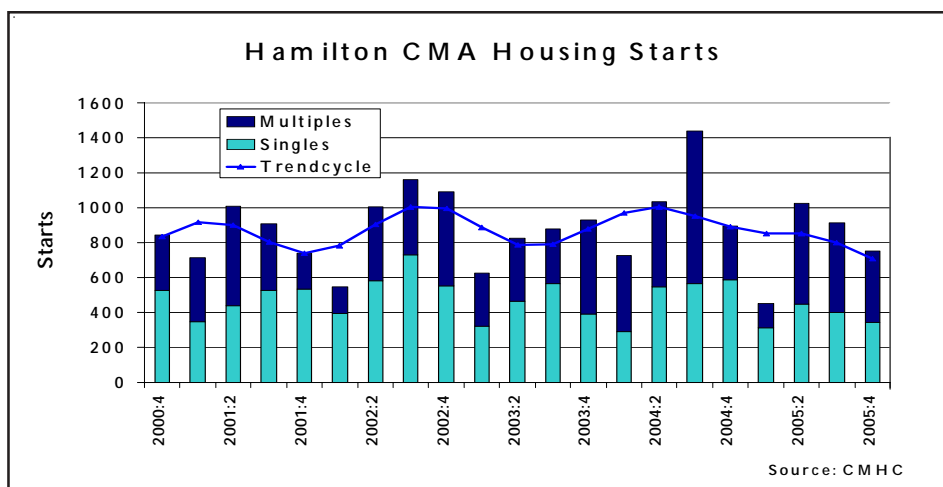
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Shortages of serviceable lots were characteristic through most of Hamilton's sub-markets. Stoney Creek has been one of the few exceptions where builders had ample access to land for new developments. Not surprisingly the only single-digit decline in housing starts during 2005 was recorded in Stoney Creek.

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Starts within Hamilton City and Stoney Creek, the more affordable sub-markets within Hamilton, declined by less than average 10 and 9 per cent respectively.

Land constraints have played a key role in new home price growth. The average absorbed price of a detached home in Hamilton skyrocketed to \$369,808 in 2005, which represented a 17 per cent jump from the previous year. Demand for homes in popular neighbourhoods such as Ancaster and Burlington outweighed available supply. Price grew by 24 and 23 per cent respectively.

Hamilton City and Glanbrook were the only two sub-markets where a new detached home averaged less than \$300,000.

The incentive for Toronto's home shoppers to look towards Hamilton has decreased. The average price of a new detached home in Hamilton was \$49,000 less than in Toronto during 2005. A year earlier, a new detached house in Hamilton was \$58,000 less than in Toronto.

Hamilton's new detached home market is increasingly becoming out of reach for first time buyers and favouring more move up buyers with built up equity at their disposal.

Resale Home Market All time sales record

Historically low mortgage rates encouraged a flurry of home buying activity in the Hamilton resale home market in 2005. Many renters moved to homeownership leaving Hamilton's average apartment vacancy rate at an all time record in 2005. Existing home sales reached an all time high at 13,565 units in 2005 - surpassing the previous record in 2004 by three per cent.

Sales have been trending higher throughout 2005 and ended the year strongly. The fourth quarter of 2005 was exceptionally active with sales jumping by a whopping 12 per cent to 2,848 units compared to the same quarter a year earlier.

Hamilton's resale home market had experienced a shortage of new listings for almost a decade. While supply in 2005 grew by nearly three per cent from a year earlier, they are not high levels. Rapid price growth have encouraged more homeowners to list their homes up for sale in the fourth quarter. New listings in the fourth quarter increased by six per cent compared to the same time a year prior.

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Hamilton's sale-to-new listings ratio (SNLR) stood at an astounding 77 per cent in 2005. Typically a market posting a SNLR above 55 per cent is considered strongly in favour of sellers. A buyers' market is denoted by a SNLR below 40 per cent. A market is considered balanced if the SNLR falls in between. The last time Hamilton resale home market experienced balanced market conditions was way back in 1996! The SNLR has been high ever since and Hamilton has been one of the tightest resale home markets in Ontario over the past decade.

Sellers' market conditions favoured strong house price growth in 2005. Hamilton average house prices have been trending higher since the mid 1990s and again jumped further in 2005. As in a typical sellers' market, price growth has been above the prevailing general rate of inflation. The average Multiple Listings Service (MLS) price grew by over six per cent to \$229,753 in 2005 compared to a year earlier and was approximately three times the general rate of inflation as measured by Statistic Canada's Consumer Price Index.

Rated according to the 2005 year-end SNLR, Hamilton's resale market is the tightest in all of Ontario's major real estate boards. Consequently, the average MLS price increases in Hamilton have been well above the Ontario average.

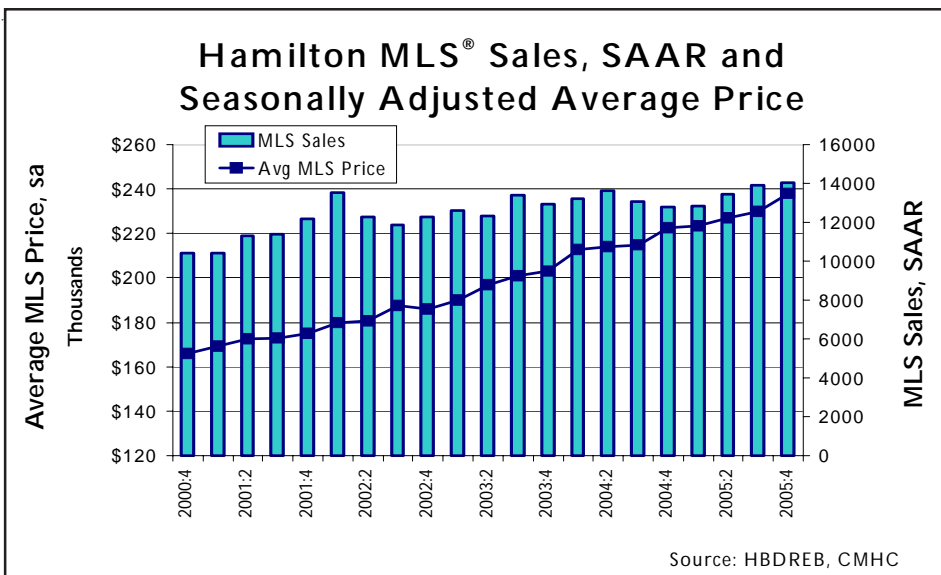


Table 1: Housing Activity Summary for Hamilton CMA

	OWNERSHIP					RENTAL		GRAND **TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
STARTS								
Q4 2005	342	18	203	124	56	6	4	753
Q4 2004	589	16	69	158	62	0	0	894
% Change	-41.9	12.5	194.2	-21.5	-9.7	NA	NA	-15.8
Year-to-date 2005	1,502	204	452	465	261	85	176	3,145
Year-to-date 2004	1,995	158	529	641	557	26	187	4,093
% Change	-24.7	29.1	-14.6	-27.5	-53.1	**	-5.9	-23.2
UNDER CONSTRUCTION								
December 2005	783	158	434	453	720	114	248	2,910
December 2004	925	44	261	462	708	26	175	2,601
COMPLETIONS								
Q4 2005	402	30	89	114	50	0	0	685
Q4 2004	510	44	253	116	56	0	12	991
% Change	-21.2	-31.8	-64.8	-1.7	-10.7	NA	-100.0	-30.9
Year-to-date 2005	1,644	90	267	473	311	16	41	2,842
Year-to-date 2004	1,802	152	725	407	118	0	29	3,233
% Change	-8.8	-40.8	-63.2	16.2	163.6	NA	41.4	-12.1
COMPLETE & NOT ABSORBED								
December 2005	44	16	24	11	20	6	0	121
December 2004	51	10	92	19	0	0	12	184
ABSORPTIONS								
Q4 2005	406	27	91	117	35	0	0	676
Q4 2004	511	46	193	114	56	0	1	921
% Change	-20.5	-41.3	-52.8	2.6	-37.5	NA	-100.0	-26.6
Year-to-date 2005	1,658	84	327	489	291	10	53	2,912
Year-to-date 2004	1,797	161	662	413	124	0	17	3,174
% Change	-7.7	-47.8	-50.6	18.4	134.7	NA	**	-8.3

*Includes all market types

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

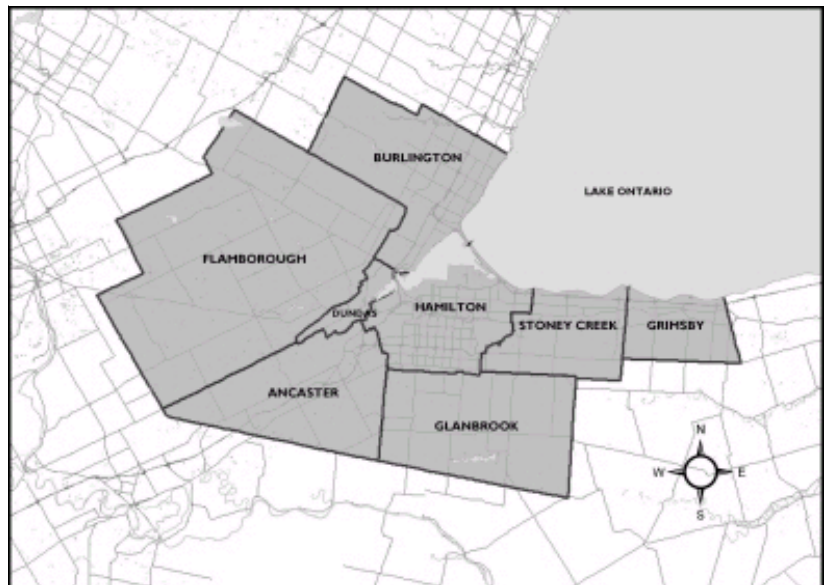


Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q4 2004	Q4 2005	% change	Q4 2004	Q4 2005	% change	Q4 2004	Q4 2005	% change
Hamilton CMA	589	342	-41.9	305	411	34.8	894	753	-15.8
New City of Hamilton	342	237	-30.7	257	214	-16.7	599	451	-24.7
Burlington City	213	83	-61.0	27	176	**	240	259	7.9
Grimsby Town	34	22	-35.3	21	21	0.0	55	43	-21.8
Hamilton City	109	32	-70.6	67	10	-85.1	176	42	-76.1
Stoney Creek City	68	67	-1.5	39	129	**	107	196	83.2
Ancaster Town	47	35	-25.5	31	32	3.2	78	67	-14.1
Dundas Town	32	9	-71.9	62	0	-100.0	94	9	-90.4
Flamborough	29	20	-31.0	12	0	-100.0	41	20	-51.2
Glanbrook	57	74	29.8	46	36	-21.7	103	110	6.8

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

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2004	YTD 2005	% change	YTD 2004	YTD 2005	% change	YTD 2004	YTD 2005	% change
Hamilton CMA	1,995	1,502	-24.7	2,098	1,643	-21.7	4,093	3,145	-23.2
New City of Hamilton	1,217	954	-21.6	973	837	-14.0	2,190	1,791	-18.2
Burlington City	606	465	-23.3	1,009	785	-22.2	1,615	1,250	-22.6
Grimsby Town	172	83	-51.7	116	21	-81.9	288	104	-63.9
Hamilton City	300	213	-29.0	314	338	7.6	614	551	-10.3
Stoney Creek City	278	199	-28.4	205	243	18.5	483	442	-8.5
Ancaster Town	249	194	-22.1	128	107	-16.4	377	301	-20.2
Dundas Town	69	45	-34.8	66	0	-100.0	135	45	-66.7
Flamborough	102	87	-14.7	52	48	-7.7	154	135	-12.3
Glanbrook	219	216	-1.4	208	94	-54.8	427	310	-27.4

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

Sub Market Area	Q4 2004	Q4 2005	% Change	YTD 2004	YTD 2005	% Change
Hamilton CMA	325,385	376,312	15.7	316,705	369,808	16.8
New City of Hamilton	315,048	331,918	5.4	303,510	335,297	10.5
Burlington City	363,633	443,013	21.8	354,864	436,273	22.9
Grimsby Town	297,262	361,900	21.7	284,344	318,975	12.2
Hamilton City	265,625	312,627	17.7	258,742	285,369	10.3
Stoney Creek City	273,355	319,467	16.9	265,289	305,256	15.1
Ancaster Town	377,916	497,751	31.7	365,151	452,601	23.9
Dundas Town	341,845	310,598	-9.1	328,979	332,796	1.2
Flamborough	453,688	286,562	-36.8	422,200	403,797	-4.4
Glanbrook	255,933	275,203	7.5	261,949	277,525	5.9

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

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

AREA	PRICE RANGES										
	<\$174,999		\$175-\$249,999		\$250-\$299,999		\$300-\$349,999		\$350,000+		TOTAL
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
Hamilton CMA											
Q4 2005	0	0.0	40	9.9	100	24.6	100	24.6	166	40.9	406
Q4 2004	7	1.4	119	23.3	146	28.6	101	19.8	137	26.9	510
YTD 2005	9	0.5	199	12.0	401	24.2	445	26.8	604	36.4	1,658
YTD 2004	22	1.2	438	24.4	532	29.6	340	18.9	464	25.8	1,796
New City of Hamilton											
Q4 2005	0	0.0	38	16.2	88	37.4	51	21.7	58	24.7	235
Q4 2004	7	2.2	100	30.8	84	25.8	46	14.2	88	27.1	325
YTD 2005	9	0.9	184	18.9	286	29.4	213	21.9	282	29.0	974
YTD 2004	22	2.0	372	34.3	306	28.2	137	12.6	249	22.9	1086
Burlington City											
Q4 2005	0	0.0	2	1.3	6	3.8	45	28.3	106	66.7	159
Q4 2004	0	0.0	0	0.0	37	28.7	48	37.2	44	34.1	129
YTD 2005	0	0.0	5	0.9	58	9.9	216	37.0	304	52.1	583
YTD 2004	0	0.0	12	2.3	132	25.0	180	34.0	205	38.8	529
Grimsby Town											
Q4 2005	0	0.0	0	0.0	6	50.0	4	33.3	2	16.7	12
Q4 2004	0	0.0	19	33.9	25	44.6	7	12.5	5	8.9	56
YTD 2005	0	0.0	10	9.9	57	56.4	16	15.8	18	17.8	101
YTD 2004	0	0.0	54	29.8	94	51.9	23	12.7	10	5.5	181
Hamilton City											
Q4 2005	0	0.0	12	27.3	8	18.2	15	34.1	9	20.5	44
Q4 2004	3	4.5	24	36.4	26	39.4	8	12.1	5	7.6	66
YTD 2005	7	3.0	64	27.8	71	30.9	63	27.4	25	10.9	230
YTD 2004	10	3.9	113	44.3	92	36.1	26	10.2	14	5.5	255
Stoney Creek City											
Q4 2005	0	0.0	3	4.9	26	42.6	19	31.1	13	21.3	61
Q4 2004	0	0.0	25	37.9	29	43.9	5	7.6	7	10.6	66
YTD 2005	0	0.0	29	13.2	89	40.6	60	27.4	41	18.7	219
YTD 2004	1	0.4	129	49.4	94	36.0	13	5.0	24	9.2	261
Ancaster Town											
Q4 2005	0	0.0	0	0.0	2	5.1	6	15.4	31	79.5	39
Q4 2004	0	0.0	8	8.6	8	8.6	25	26.9	52	55.9	93
YTD 2005	0	0.0	2	1.0	11	5.5	45	22.6	141	70.9	199
YTD 2004	1	0.4	13	5.7	43	18.8	58	25.3	114	49.8	229
Dundas Town											
Q4 2005	0	0.0	3	60.0	0	0.0	0	0.0	2	40.0	5
Q4 2004	0	0.0	0	0.0	1	25.0	1	25.0	2	50.0	4
YTD 2005	0	0.0	3	5.9	15	29.4	11	21.6	22	43.1	51
YTD 2004	0	0.0	1	1.8	23	40.4	19	33.3	14	24.6	57
Flamborough											
Q4 2005	0	0.0	8	72.7	1	9.1	0	0.0	2	18.2	11
Q4 2004	4	13.8	2	6.9	1	3.4	3	10.3	19	65.5	29
YTD 2005	2	2.4	25	29.4	7	8.2	7	8.2	44	51.8	85
YTD 2004	10	9.1	17	15.5	6	5.5	8	7.3	69	62.7	110
Glanbrook											
Q4 2005	0	0.0	12	16.0	51	68.0	11	14.7	1	1.3	75
Q4 2004	0	0.0	41	61.2	19	28.4	4	6.0	3	4.5	67
YTD 2005	0	0.0	61	32.1	93	48.9	27	14.2	9	4.7	190
YTD 2004	0	0.0	99	56.9	48	27.6	13	7.5	14	8.0	174

Source: CMHC

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

Table 5: Resale Housing Activity for Hamilton Real Estate Board

		Number of		Sales	Number of	New Listings	Sales-to-New	Average		Average
		Sales	Yr/Yr %	SAAR	New Listings	SAAR	Listings SA	Price (\$)	Yr/Yr %	Price (\$) SA
2004	January	758	0.9	13,100	1,281	16,900	77.6	205,495	10.0	209,952
	February	956	-10.4	12,300	1,333	16,600	74.6	207,768	8.3	205,176
	March	1,393	29.5	14,200	1,766	17,600	80.7	217,984	14.2	221,506
	April	1,454	20.5	14,100	1,759	17,600	80.3	217,098	9.3	213,812
	May	1,341	4.7	13,600	1,734	17,200	78.8	216,121	8.9	210,984
	June	1,374	4.6	13,200	1,815	18,000	73.0	221,967	7.9	216,770
	July	1,210	-10.6	13,400	1,545	17,700	75.6	215,512	9.7	215,508
	August	1,119	8.1	13,200	1,402	17,300	76.7	208,998	4.8	213,018
	September	1,017	-9.0	12,600	1,541	17,400	72.6	218,742	9.4	216,514
	October	980	-5.8	12,900	1,314	17,200	74.8	218,204	7.8	220,939
	November	930	3.1	12,500	1,108	16,800	74.1	224,336	11.1	226,095
	December	644	-3.0	13,000	625	16,400	79.2	212,592	8.9	220,736
2005	January	715	-5.7	12,900	1,238	17,000	76.1	219,098	6.6	221,432
	February	995	4.1	12,900	1,348	17,100	75.9	219,874	5.8	218,718
	March	1,236	-11.3	12,700	1,636	16,700	75.7	227,663	4.4	229,679
	April	1,292	-11.1	12,700	1,783	18,100	70.2	226,284	4.2	224,087
	May	1,420	5.9	13,600	1,910	18,300	74.2	232,107	7.4	229,729
	June	1,445	5.2	14,100	1,797	17,900	78.6	238,333	7.4	227,283
	July	1,181	-2.4	13,300	1,430	17,100	77.9	227,848	5.7	227,663
	August	1,293	15.5	14,400	1,593	18,800	76.5	225,976	8.1	230,036
	September	1,140	12.1	14,100	1,693	18,900	74.3	230,956	5.6	232,246
	October	1,100	12.2	14,400	1,463	18,500	77.7	234,555	7.5	234,707
	November	1,101	18.4	14,400	1,184	18,100	79.2	237,683	5.9	238,104
	December	647	0.5	13,500	571	15,300	87.8	230,557	8.5	241,331
Q4 2004		2,554	-2.0	12,800	3,047	16,800	76.0	219,022	9.3	222,552
Q4 2005		2,848	11.5	14,100	3,218	17,300	81.2	234,856	7.2	237,978
YTD 2004		13,176	2.9		17,223			215,922	9.2	
YTD 2005		13,565	3.0		17,646			229,753	6.4	

	Annual Sales	Yr/Yr %		Annual New Listings	Yr/Yr %		Annual Average Price (\$)	Yr/Yr %	
1996	10,224	32.1		19,133	-13.0		142,267	0.8	
1997	9,972	-2.5		17,755	-7.2		151,538	6.5	
1998	10,017	0.5		17,549	-1.2		153,628	1.4	
1999	10,543	5.3		16,208	-7.6		158,162	3.0	
2000	10,347	-1.9		19,496	20.3		164,168	3.8	
2001	11,334	9.5		18,585	-4.7		172,567	5.1	
2002	12,482	10.1		15,850	-14.7		183,442	6.3	
2003	12,807	2.6		16,555	4.4		197,744	7.8	
2004	13,176	2.9		17,223	4.0		215,922	9.2	
2005	13,565	3.0		17,646	2.5		229,753	6.4	

Source: Canadian Real Estate Association

Table 6: Economic Indicators

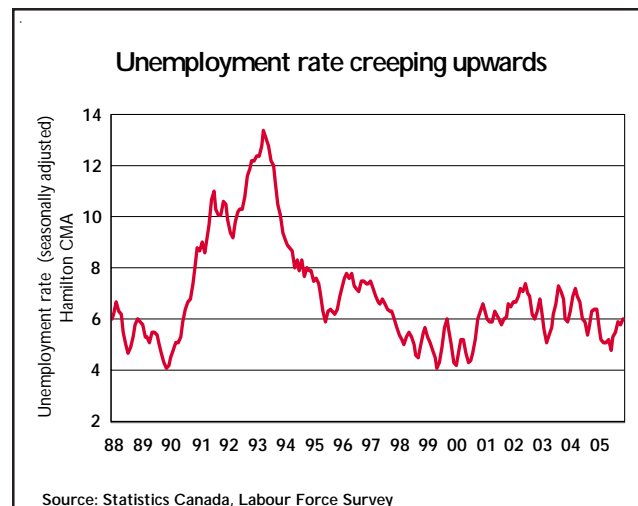
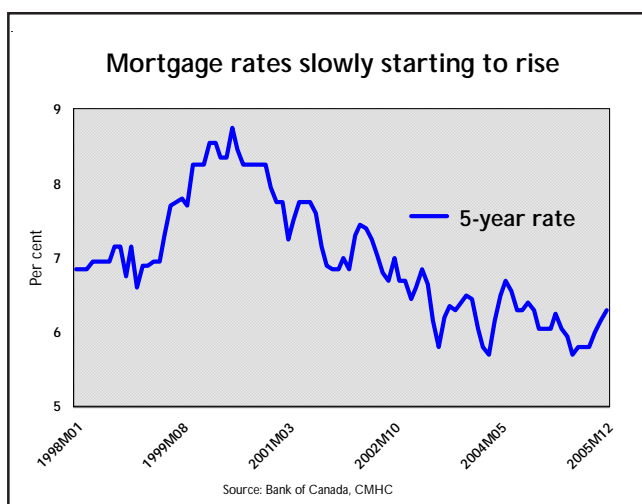
		Interest and Exchange Rates				Inflation Rate (%)	NIHPI*** % chg.	Hamilton CMA Labour Market		
		P & I*	Mortgage Rate (%)		Exch. Rate	Ontario	Hamilton CMA	Employment	Employment	Unemployment
		Per \$100,000	1 Yr. Term	5 Yr. Term	(\$US/\$Cdn)	1996=100	1997=100	SA** (.000)	SA m/m (%)	Rate (%) SA
2004	January	642.78	4.3	6.1	0.755	1.5	4.3	368.8	0.3	5.6
	February	627.97	4.3	5.8	0.749	0.8	5.2	364.0	-1.3	6.1
	March	622.08	4.3	5.7	0.763	1.1	3.9	362.1	-0.5	7.0
	April	648.75	4.5	6.2	0.729	2.3	4.3	362.1		7.4
	May	669.82	4.6	6.5	0.733	2.8	5.3	368.6	1.8	7.0
	June	681.99	4.7	6.7	0.750	2.4	6.2	372.5	1.1	6.7
	July	672.86	4.6	6.6	0.752	2.4	5.4	378.0	1.5	6.2
	August	657.75	4.4	6.3	0.762	1.5	4.5	379.0	0.3	5.9
	September	657.75	4.8	6.3	0.793	1.5	5.6	382.8	1.0	5.4
	October	663.77	4.9	6.4	0.821	2.1	5.8	378.9	-1.0	5.6
	November	657.75	5.0	6.3	0.843	2.2	6.7	373.1	-1.5	6.2
	December	642.78	4.8	6.1	0.832	1.9	6.7	369.2	-1.0	6.2
2005	January	642.78	4.8	6.1	0.806	1.6	6.7	363.6	-1.5	6.1
	February	642.78	4.8	6.1	0.811	2.2	6.3	365.4	0.5	5.3
	March	654.74	5.1	6.3	0.827	2.3	7.1	357.7	-2.1	5.1
	April	642.78	4.9	6.1	0.795	2.3	7.1	360.6	0.8	5.2
	May	636.84	4.9	6.0	0.797	1.5	6.5	362.0	0.4	5.2
	June	622.08	4.8	5.7	0.816	1.9	5.4	366.5	1.2	5.3
	July	627.97	4.9	5.8	0.817	1.9	5.6	365.8	-0.2	5.0
	August	627.97	5.0	5.8	0.842	2.7	5.5	364.7	-0.3	5.4
	September	627.97	5.0	5.8	0.860	3.3	5.0	365.2	0.1	5.7
	October	639.81	5.3	6.0	0.847	2.5	5.1	366.3	0.3	6.0
	November	648.75	5.6	6.2	0.857	2.0	3.5	368.9	0.7	5.9
	December	657.75	5.8	6.3	0.860	2.1		371.3	0.7	6.0

* Principal and Interest Payment assumes a five year mortgage rate and 25 year amortization period.

** Seasonally Adjusted

*** New Housing Price Index

Source: CMHC, Statistics Canada Labour Force Survey



Definitions

- 1. Starts:** refers to units where construction has advanced to a stage where full (100%) footings are in place. For multiple dwellings (semi-detached, row housing and apartments) the definition of a start applies to the structure or block of row units rather than to the project as a whole.
- 2. Under Construction:** those units which have been started but which are not complete.
- 3. Completions - Single-detached/semi-detached units:** this generally is the stage at which all proposed construction work is complete. A unit may be completed at the 90% stage where the remaining work is largely cosmetic. **Row housing/ Apartment:** completions means that 90% or more of the dwelling units within a block of row units or an apartment structure are completed and ready for occupancy
- 4. Completed and Not Absorbed:** all completed units of new construction (excluding model homes not available for sale) which have never been sold or leased.
- 5. Absorptions:** the number of completed units (excluding model homes) that have been sold or leased.
- 6. Seasonally Adjusted (SA):** Actual monthly (or quarterly) figures adjusted to remove normal seasonal variation.
- 7. Seasonally Adjust Annual Rates (SAAR):** Seasonally adjusted monthly figures multiplied by 12 (or quarterly figures multiplied by 4) to reflect annualized levels of activity.
- 8. Definitions for CMA, NHPI, CPI, and Inflation Rate** can be found in the Statistics Canada website - <http://www.statcan.ca>

2005 Condominium Report for the GTA

The 2005 Condominium Report for the Greater Toronto Area (GTA) summarizes the results of the annual CMHC Condominium Survey. This report identifies the number of new registered condominium apartments, the extent to which the units are being offered for rent, and subsequent rental vacancy rate. Data is collected for all regions within the GTA, including Toronto, York Region, Peel Region, Halton Region and Durham Region.

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