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### New Homes

#### Single-detached starts end year on strong note

Near-record strength in the resale market and still-low long-term mortgage rates resulted in a buoyant level of demand for new housing in the fourth quarter of 2005. In the London metro region, there were 512 single-detached new homes started from October to December, less than 9 per cent below 2004's 16-year high and well above the 369 home average for the previous four years of this century.

Townhouse starts slowed in the fourth quarter to 47 units, less than two-thirds last year's level. Activity was concentrated in further blocks in already ongoing townhouse

projects. Semi-detached homes also appealed as an affordable alternative, with 20 units started compared to just 6 units a year ago earlier.

Rental apartment construction surged in the fourth quarter with foundations laid on two new large projects. The burst of activity stood in sharp contrast to a year earlier, when only 2 apartment units were started. The jump in apartment and semi-detached starts more than offset the slowdown in townhouse activity, resulting in a fivefold increase in multiple home construction to 428 units. Overall, total fourth quarter starts in the London metro area rose an impressive 46 per cent to 940 units.

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FOURTH QUARTER 2005

#### IN THIS ISSUE

##### New Homes

- 1 Singles-detached starts end year on strong note
- 2 Location map: single starts
- 3 Stages of construction
- 4 Single starts and prices by municipality
- 5 Single-detached new home sales by price range

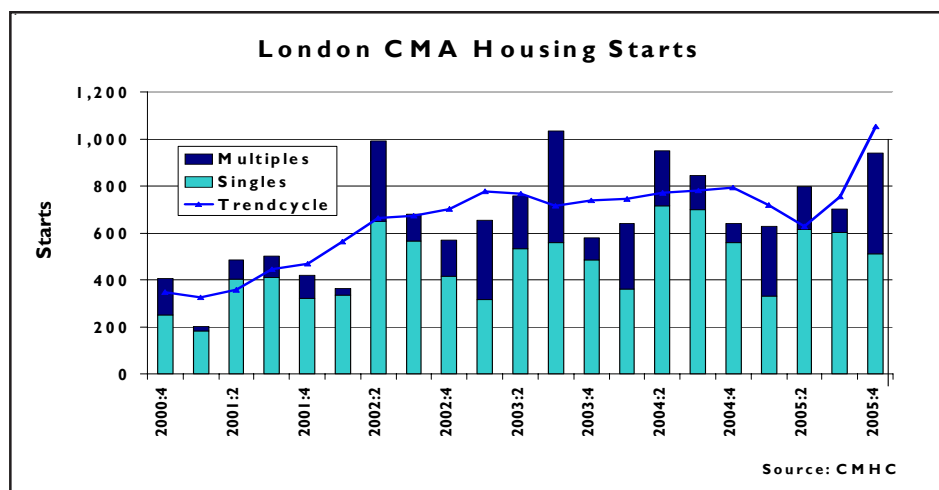
##### Resale Market

- 6 MLS sales near record

##### Economic Indicators

- 7 Employment edges down

The pace of price increases for new single-detached homes slowed in the fourth quarter, with the average sale price for completed and sold singles in the London CMA up only 5.2 per cent from 2004:Q4 to 2005:Q4, slipping to \$273,903 from a high of \$275,668 in the prior three months. The small decline in the average price can be attributed to a lower percentage of very high-end homes, with the share of homes sold for more than \$350,000 shrinking by 2 percentage points to 14.4 per cent of total sales.



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Canada



# WHERE'S THE HAMMERING BY SUB-MARKET

## London metro's 2005 single-detached starts

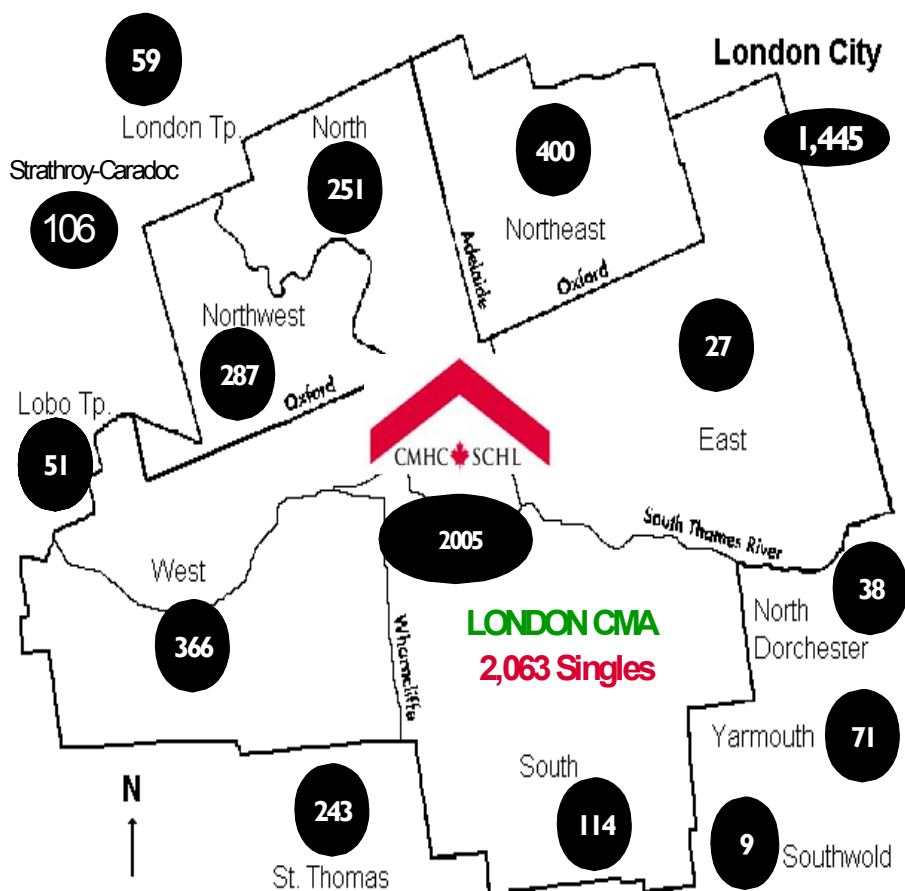
In 2005, 70.0 per cent or 1,445 of the 2,063 single starts were in London and 11.8 per cent in St. Thomas (243 units). Not shown on the map are 22 units started in Port Stanley, 1 unit in Belmont and 9 units in each of Delaware and West Nissouri.

## MLS Sales have near-record year

MLS home sales in the London & St. Thomas Real Estate area topped off a near-record year with the second highest fourth quarter in history. Fourth quarter sales rose to 1,764 homes, up 1.1 per cent from the 2004 level and second only to the peak of 1,849 sales reached in the fourth quarter of 1996.

The number of new listings coming onto the market during the fourth quarter roughly kept pace with the buoyant level of sales. As a result the market remained tight, with the fourth quarter seasonally-adjusted sales to new listings ratio at 64.6 per cent being virtually unchanged from a year earlier.

With such strong demand for desirable listings, the pace of price growth more than doubled the rate of inflation. The average price for a resale home in the LSTREB area between October and December was \$181,072, an 8.9 per cent increase from the same period in 2004.



Source: CMHC

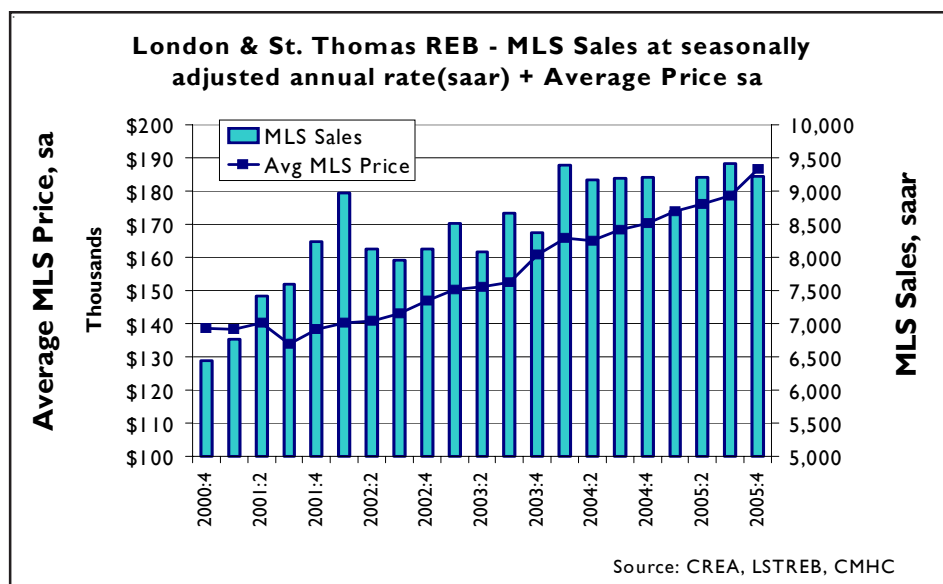


Table I: Housing Activity Summary for London CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
<b>STARTS</b>								
Q4 2005	512	20	0	33	0	14	361	940
Q4 2004	560	6	0	66	0	8	2	642
% Change	-8.6	**	NA	-50.0	NA	75.0	**	46.4
Year-to-date 2005	2,063	44	0	252	0	58	650	3,067
Year-to-date 2004	2,336	26	12	216	80	75	333	3,078
% Change	-11.7	69.2	-100.0	16.7	-100.0	-22.7	95.2	-0.4
<b>UNDER CONSTRUCTION</b>								
December 2005	642	30	0	155	80	19	646	1,572
December 2004	689	20	12	184	80	22	558	1,565
<b>COMPLETIONS</b>								
Q4 2005	569	18	6	71	0	12	140	816
Q4 2004	701	4	0	49	0	17	160	931
% Change	-18.8	**	NA	44.9	NA	-29.4	-12.5	-12.4
Year-to-date 2005	2,111	32	12	283	0	61	562	3,061
Year-to-date 2004	2,243	22	34	213	0	92	834	3,438
% Change	-5.9	45.5	-64.7	32.9	NA	-33.7	-32.6	-11.0
<b>COMPLETE &amp; NOT ABSORBED</b>								
December 2005	124	7	3	104	0	15	366	619
December 2004	104	0	0	53	0	12	285	454
<b>ABSORPTIONS</b>								
Q4 2005	536	16	6	62	0	13	205	838
Q4 2004	666	4	0	32	0	30	127	859
% Change	-19.5	**	NA	93.8	NA	-56.7	61.4	-2.4
Year-to-date 2005	2,093	23	9	232	0	58	481	2,896
Year-to-date 2004	2,212	22	39	196	0	80	550	3,099
% Change	-5.4	4.5	-76.9	18.4	NA	-27.5	-12.5	-6.6

\* Includes all market types

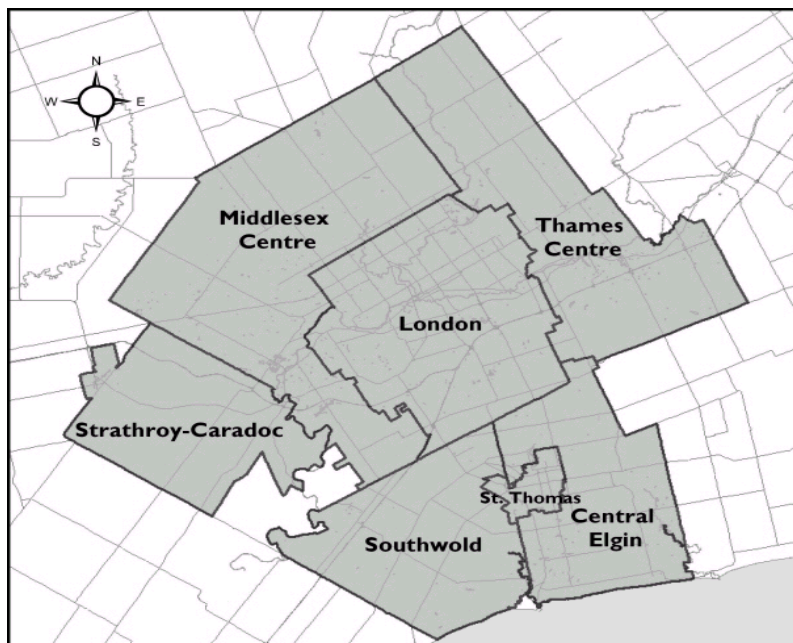
\*\* Year-over-year change greater than 200 per cent.

Source: CMHC

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**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
<b>London CMA</b>	560	512	-8.6	82	428	**	642	940	46.4
London City	394	373	-5.3	73	408	**	467	781	67.2
St. Thomas City	82	60	-26.8	0	18	NA	82	78	-4.9
Central Elgin	20	24	20.0	0	0	NA	20	24	20.0
Middlesex Centre	32	22	-31.3	0	0	NA	32	22	-31.3
Southwold Twp.	2	3	50.0	0	0	NA	2	3	50.0
Strathroy-Caradoc Twp.	26	16	-38.5	0	2	NA	26	18	-30.8
Thames Centre	4	14	**	9	0	-100.0	13	14	7.7

**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
<b>London CMA</b>	2,336	2,063	-11.7	742	1,004	35.3	3,078	3,067	-0.4
London City	1,653	1,445	-12.6	698	916	31.2	2,351	2,361	0.4
St. Thomas City	305	243	-20.3	6	32	**	311	275	-11.6
Central Elgin	74	94	27.0	0	0	NA	74	94	27.0
Middlesex Centre	117	119	1.7	2	52	**	119	171	43.7
Southwold Twp.	7	9	28.6	0	0	NA	7	9	28.6
Strathroy-Caradoc Twp.	129	106	-17.8	14	4	-71.4	143	110	-23.1
Thames Centre	51	47	-7.8	22	0	-100.0	73	47	-35.6

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

Sub Market Area	Q4 2004	Q4 2005	% Change	YTD 2004	YTD 2005	% Change
<b>London CMA</b>	260,281	273,903	5.2	246,948	270,936	9.7
London City	268,765	279,243	3.9	253,763	276,860	9.1
St. Thomas City	205,785	216,352	5.1	188,298	216,206	14.8
Central Elgin	233,350	253,903	8.8	243,302	248,937	2.3
Middlesex Centre	310,723	329,282	6.0	291,862	324,577	11.2
Southwold Twp.	303,750	443,250	45.9	294,000	444,667	51.2
Strathroy-Caradoc Twp.	253,273	219,658	-13.3	215,868	244,381	13.2
Thames Centre	284,000	321,067	13.1	316,086	319,690	1.1

Note: NA may appear where CMHC data suppression rules apply

Source: CMHC

Note: Municipal amalgamations resulted in the creation of the Municipality of Central Elgin (formerly Belmont, Port Stanley and Yarmouth Township); the Municipality of Thames Centre (formerly the Townships of North Dorchester and West Nissouri); and, the Township of Middlesex Centre (formerly the Townships of Delaware, Lobo, and London). The amalgamated centre of Strathroy-Caradoc Township was first surveyed as component of the London Census Metropolitan Area (CMA) in 2002. The change in the components of the London CMA were based on results from Statistics Canada - 2001 Census of Canada.

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

AREA	PRICE RANGES										
	<\$150,000		\$150-\$174,999		\$175-\$249,999		\$250-\$299,999		\$300,000+		TOTAL
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
<b>London CMA</b>											
Q4 2005	4	0.7	25	4.7	222	41.4	150	28.0	135	25.2	536
Q4 2004	13	2.0	55	8.3	339	51.1	91	13.7	165	24.9	663
YTD 2005	18	0.9	154	7.4	955	45.8	437	20.9	523	25.1	2,087
YTD 2004	68	3.1	285	13.0	1,085	49.5	339	15.5	416	19.0	2,193
<b>London City</b>											
Q4 2005	3	0.8	14	3.8	142	38.2	114	30.6	99	26.6	372
Q4 2004	1	0.2	30	6.4	248	52.7	59	12.5	133	28.2	471
YTD 2005	5	0.3	73	5.1	644	44.7	319	22.1	400	27.8	1,441
YTD 2004	11	0.7	173	11.2	790	51.1	245	15.8	327	21.2	1,546
<b>St. Thomas City</b>											
Q4 2005	1	1.8	7	12.5	36	64.3	5	8.9	7	12.5	56
Q4 2004	11	11.6	20	21.1	52	54.7	5	5.3	7	7.4	95
YTD 2005	9	3.6	49	19.8	137	55.2	32	12.9	21	8.5	248
YTD 2004	46	15.6	84	28.5	144	48.8	13	4.4	8	2.7	295
<b>Central Elgin</b>											
Q4 2005	0	0.0	0	0.0	22	71.0	5	16.1	4	12.9	31
Q4 2004	0	0.0	1	5.0	13	65.0	4	20.0	2	10.0	20
YTD 2005	0	0.0	10	10.0	64	64.0	13	13.0	13	13.0	100
YTD 2004	0	0.0	6	11.3	27	50.9	9	17.0	11	20.8	53
<b>Middlesex Centre</b>											
Q4 2005	0	0.0	0	0.0	4	12.1	16	48.5	13	39.4	33
Q4 2004	1	3.2	0	0.0	7	22.6	11	35.5	12	38.7	31
YTD 2005	1	0.8	3	2.4	31	24.4	42	33.1	50	39.4	127
YTD 2004	1	0.9	1	0.9	33	31.1	32	30.2	39	36.8	106
<b>Southwold Twp.</b>											
Q4 2005	0	0.0	0	0.0	1	25.0	0	0.0	3	75.0	4
Q4 2004	0	0.0	0	0.0	0	0.0	1	25.0	3	75.0	4
YTD 2005	0	0.0	1	11.1	1	11.1	0	0.0	7	77.8	9
YTD 2004	0	0.0	2	20.0	0	0.0	2	20.0	6	60.0	10
<b>Strathroy-Caradoc Twp.</b>											
Q4 2005	0	0.0	4	16.0	15	60.0	4	16.0	2	8.0	25
Q4 2004	0	0.0	4	12.1	14	42.4	9	27.3	6	18.2	33
YTD 2005	3	2.5	18	15.0	69	57.5	15	12.5	15	12.5	120
YTD 2004	10	9.2	19	17.4	55	50.5	17	15.6	8	7.3	109
<b>Thames Centre</b>											
Q4 2005	0	0.0	0	0.0	2	13.3	6	40.0	7	46.7	15
Q4 2004	0	0.0	0	0.0	5	55.6	2	22.2	2	22.2	9
YTD 2005	0	0.0	0	0.0	9	21.4	16	38.1	17	40.5	42
YTD 2004	0	0.0	0	0.0	36	48.6	21	28.4	17	23.0	74

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

Source: CMHC

Table 5: Resale Housing Activity for London & St. Thomas Real Estate Board

		Number of Sales	Yr/Yr %	Sales SAAR	Number of New Listings	New Listings SAAR	Sales-to-New Listings SA	Average Price (\$)	Yr/Yr %	Average Price (\$) SA
2004	January	443	-12.1	8,500	1,010	12,800	66.7	167,090	13.3	168,960
	February	701	9.4	9,000	1,024	12,500	71.5	163,715	10.3	163,659
	March	1,049	40.1	10,700	1,519	14,700	72.4	165,469	7.5	164,850
	April	963	8.4	9,200	1,517	14,400	64.2	169,899	12.9	166,918
	May	1,002	16.6	9,800	1,476	14,300	68.5	168,836	7.7	165,732
	June	921	8.0	8,500	1,433	15,100	56.3	164,097	5.0	162,160
	July	901	-2.1	9,600	1,327	14,900	64.7	170,651	11.2	163,847
	August	801	14.4	9,000	1,140	14,100	64.0	167,489	7.7	169,342
	September	712	2.6	9,000	1,192	14,600	61.5	170,580	11.3	171,868
	October	698	8.4	9,800	1,071	15,000	64.9	171,633	9.8	175,260
	November	639	14.9	9,000	947	14,200	63.6	163,030	7.4	168,900
	December	408	1.0	8,800	527	13,700	64.6	162,496	1.9	166,610
2005	January	456	2.9	9,200	1,071	14,100	65.3	165,342	-1.0	168,207
	February	688	-1.9	8,900	1,143	14,200	62.5	179,395	9.6	178,659
	March	796	-24.1	8,000	1,247	12,300	65.0	176,439	6.6	174,728
	April	917	-4.8	9,000	1,567	15,000	60.0	179,155	5.4	176,445
	May	996	-0.6	9,200	1,704	15,600	58.8	178,734	5.9	174,996
	June	1,020	10.7	9,500	1,338	14,400	65.9	178,538	8.8	176,935
	July	808	-10.3	8,900	1,231	14,100	62.6	180,675	5.9	173,507
	August	923	15.2	9,800	1,262	15,000	65.5	177,292	5.9	179,449
	September	765	7.4	9,600	1,203	14,400	66.3	184,672	8.3	182,833
	October	692	-0.9	9,400	1,081	14,700	64.1	178,787	4.2	184,026
	November	669	4.7	9,300	985	14,900	62.1	183,051	12.3	189,859
	December	403	-1.2	9,000	497	13,200	67.9	181,711	11.8	186,281
Q4 2004		1,745	8.8	9,200	2,545	14,300	64.4	166,346	6.9	170,414
Q4 2005		1,764	1.1	9,200	2,563	14,300	64.6	181,072	8.9	186,713
YTD 2004		9,238	9.8		14,183			167,344	8.9%	
YTD 2005		9,133	-1.1		14,329			178,910	6.9%	

	Annual Sales	Yr/Yr %		Annual New Listings	Yr/Yr %		Annual Average Price (\$)	Yr/Yr %	
1996	6,906	25.3		16,421	3.6		129,338	0.5	
1997	6,454	-6.5		15,784	-3.9		131,382	1.6	
1998	6,562	1.7		15,258	-3.3		131,299	-0.1	
1999	6,864	4.6		13,661	-10.5		131,254	0.0	
2000	6,616	-3.6		13,598	-0.5		135,857	3.5	
2001	7,503	13.4		13,434	-1.2		137,717	1.4	
2002	8,290	10.5		12,907	-3.9		142,745	3.7	
2003	8,412	1.5		12,845	-0.5		153,637	7.6	
2004	9,238	9.8		14,183	10.4		167,344	8.9	
2005	9,133	-1.1		14,329	1.0		178,910	6.9	

Source: Canadian Real Estate Association

Table 6: Economic Indicators

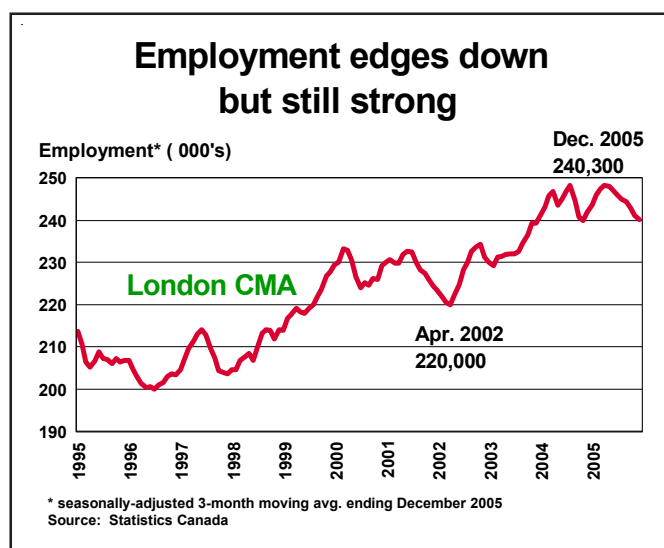
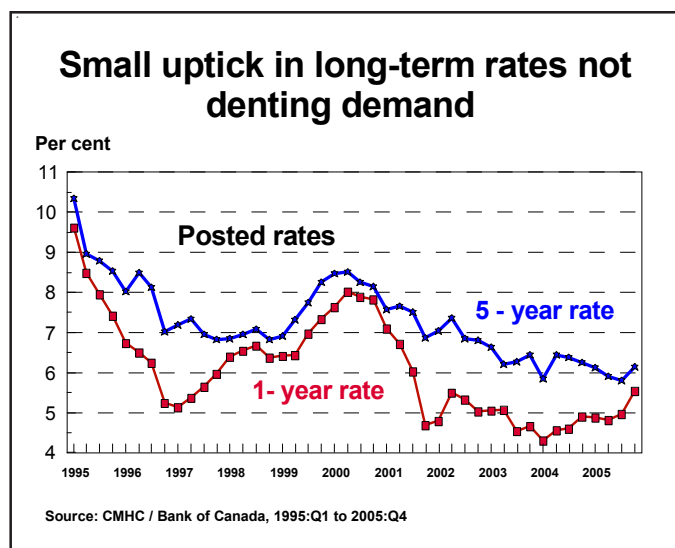
		Interest and Exchange Rates				Inflation Rate (%)	NHPI*** % chg.	London CMA Labour Market		
		P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)			Ontario 1996=100	London CMA 1997=100	Employment SA** (.000)
			1 Yr. Term	5 Yr. Term						
2004	January	642.78	4.3	6.1	0.755	1.5	5.0	242.1	0.8	6.3
	February	627.97	4.3	5.8	0.749	0.8	6.1	242.8	0.3	6.8
	March	622.08	4.3	5.7	0.763	1.1	5.2	244.9	0.9	6.1
	April	648.75	4.5	6.2	0.729	2.3	4.3	245.3	0.2	5.8
	May	669.82	4.6	6.5	0.733	2.8	4.3	242.2	-1.3	5.4
	June	681.99	4.7	6.7	0.750	2.4	4.7	243.8	0.7	5.0
	July	672.86	4.6	6.6	0.752	2.4	4.7	245.8	0.8	4.8
	August	657.75	4.4	6.3	0.762	1.5	4.8	247.4	0.7	5.0
	September	657.75	4.8	6.3	0.793	1.5	4.8	243.6	-1.5	5.7
	October	663.77	4.9	6.4	0.821	2.1	5.1	240.1	-1.4	6.3
	November	657.75	5.0	6.3	0.843	2.2	4.3	239.9	-0.1	6.7
	December	642.78	4.8	6.1	0.832	1.9	4.0	242.2	1.0	6.7
2005	January	642.78	4.8	6.1	0.806	1.6	4.9	243.4	0.5	6.4
	February	642.78	4.8	6.1	0.811	2.2	3.2	245.0	0.7	6.2
	March	654.74	5.1	6.3	0.827	2.3	3.5	245.7	0.3	6.6
	April	642.78	4.9	6.1	0.795	2.3	5.1	246.3	0.2	6.7
	May	636.84	4.9	6.0	0.797	1.5	5.9	245.9	-0.2	6.8
	June	622.08	4.8	5.7	0.816	1.9	5.5	245.0	-0.4	6.6
	July	627.97	4.9	5.8	0.817	1.9	5.1	244.0	-0.4	6.6
	August	627.97	5.0	5.8	0.842	2.7	5.0	243.1	-0.4	6.6
	September	627.97	5.0	5.8	0.860	3.3	5.0	242.5	-0.2	6.5
	October	639.81	5.3	6.0	0.847	2.5	4.8	241.3	-0.5	6.6
	November	648.75	5.6	6.2	0.857	2.0	5.1	240.0	-0.5	6.9
	December	657.75	5.8	6.3	0.860	2.1		239.3	-0.3	6.9

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

\*\* Seasonally Adjusted

\*\*\* New Housing Price Index

Sources: CMHC, Statistics Canada, Bank of Canada



## 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>

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